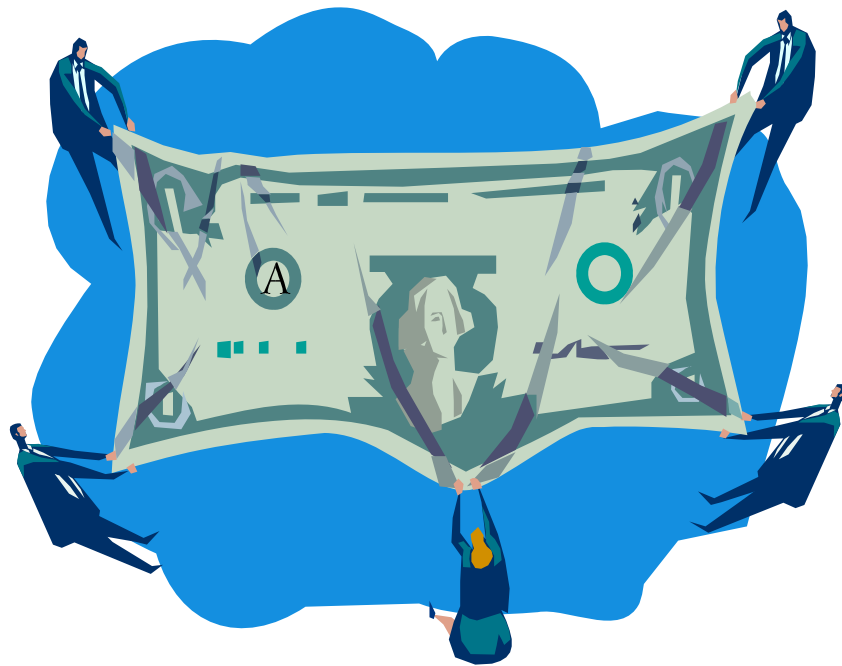


# **FISCAL REPORT**

## **Seventy-Fifth Nevada Legislature**



**February 2009**

**Prepared by  
The Fiscal Analysis Division  
Legislative Counsel Bureau**



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MEMORANDUM

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DATE: February 28, 2009

TO: Members of the 75th Legislature

FROM: Fiscal Analysis Division

SUBJECT: **2009-11 Nevada Legislative Fiscal Report**

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The Legislative Fiscal Report, prepared by the Fiscal Analysis Division, is designed to provide you with a summary of the financial status of the state and the Governor's budget recommendations for the next biennium.

The report is divided into sections and includes historical revenue and expenditure trends, the revenue projections of the Economic Forum, an overview of taxes and the Governor's recommended appropriations for the upcoming biennium, including supplementals, restoration of fund balances and capital improvements. In addition, budget summaries by each functional area of state government are included. The budget summaries will allow comparisons of the actual expenditures for fiscal year 2007-08, work program amounts in fiscal year 2008-09, and the Governor's recommendations in each year of the 2009-11 biennium.

This report contains general information, including the highlights of the various governmental functions. Emphasis is placed on changes and expansion or reductions of existing programs; therefore, this report should be used in conjunction with The Executive Budget where more complete information is presented.

If you have questions on this material, feel free to contact us at any time.



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# SECTION I

## HISTORICAL PERSPECTIVE

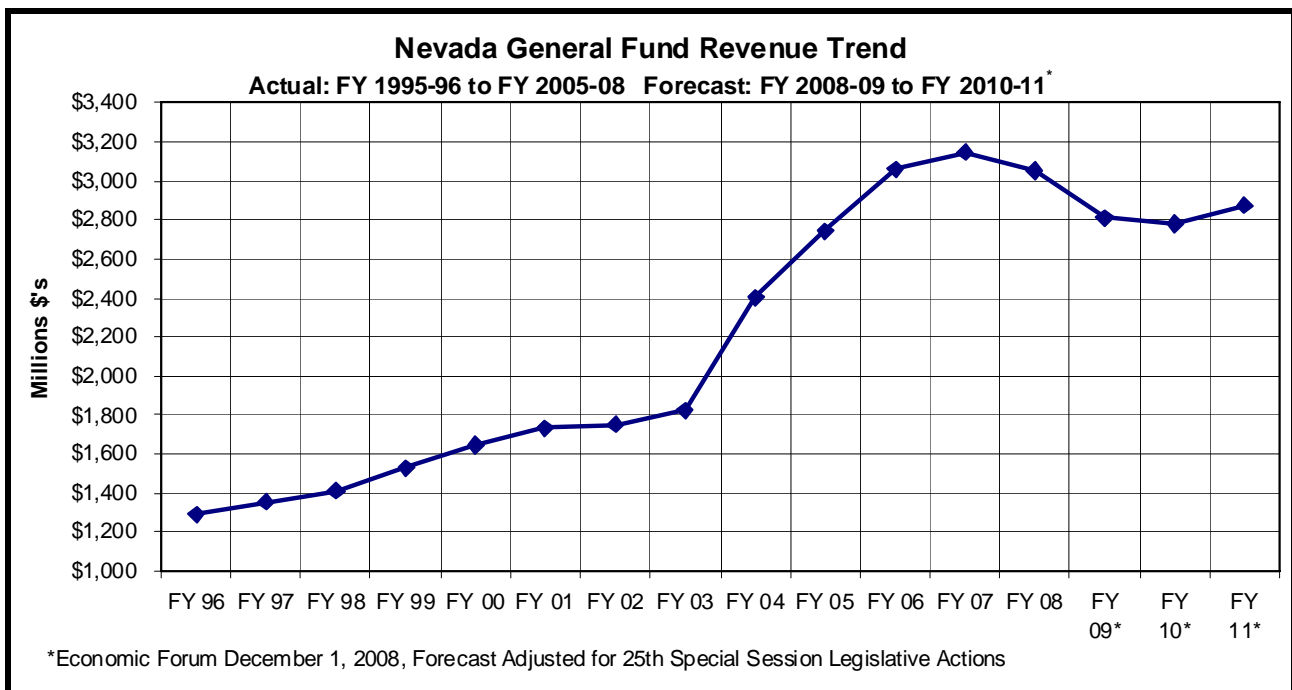
This section contains a historical review of actual state General Fund revenues and the Economic Forum's December 1, 2008, forecasts for the 2007-09 biennium, adjusted for legislative actions approved during the 25<sup>th</sup> Special Session, as well as a historical presentation of General Fund operating appropriations combined with the Governor's recommendations for the 2009-10 biennium. Graphs depicting the trends in General Fund revenues since FY 1995-96 are presented below.

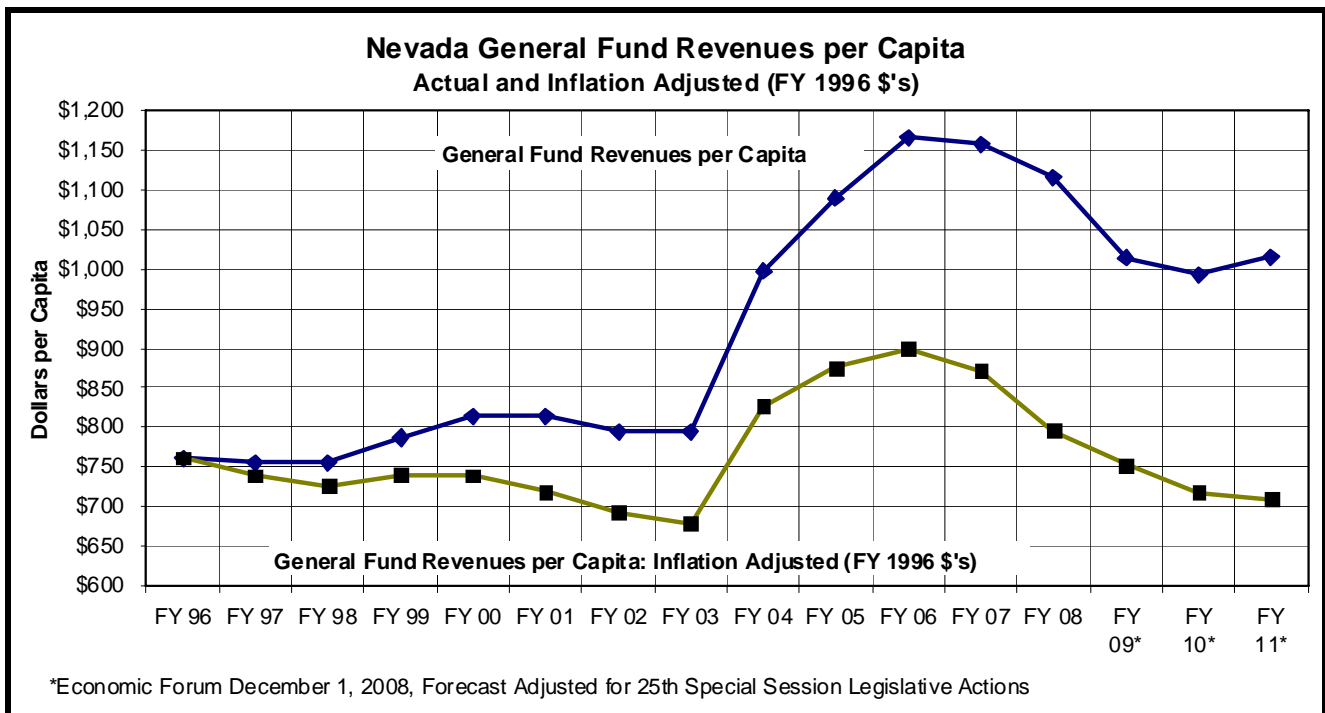
### GENERAL FUND REVENUE TRENDS

#### FY 1995-96 TO FY 2005-06

General Fund revenues were approximately \$1.83 billion in FY 2002-03, a 41.4 percent increase over FY 1995-96 revenues. The average annual growth rate over those eight years was 5.1 percent. However, given the state's robust population growth, per-capita revenues grew at only a 0.6 percent average annual rate for the period spanning FY 1995-96 to FY 2002-03. Furthermore, inflation-adjusted per-capita revenues actually declined at an annual average rate of 1.6 percent per year for that period. In FY 2002-03, inflation-adjusted per-capita revenues were approximately \$674, measured in FY 1995-96 dollars, compared to \$761 in FY 1995-96. Thus, while the state's revenues were experiencing positive gains, those gains were not keeping pace with inflation and the state's rapid population growth and the attendant increase in demand for government services.

In response to the downward trend in inflation-adjusted revenues per capita, the tax package approved during the 20<sup>th</sup> Special Session created new taxes in addition to increasing some of the existing levies. Information on the tax plan approved during the 20<sup>th</sup> Special Session is provided in Section III – Tax Overview of this report.





In FY 2003-04, the initial year of implementation of the 2003 tax plan, General Fund revenues increased 31.7 percent. The majority of this increase was attributable to the tax changes approved by the 2003 Legislature. However, due to stronger than anticipated economic activity, the actual growth was higher than the projections, which incorporated the estimated effects of the tax changes. General Fund revenues grew an additional 14.1 percent in FY 2004-05, the first year in which all the tax changes from 2003 were fully implemented. Again, the growth observed was attributable to the implementation of the tax measures, as well as strong and sustained economic activity. By FY 2005-06, the effects of the tax changes from 2003 were fully annualized; thus the 11.5 percent growth in General Fund revenues over the prior year was due primarily to economic growth.

Beginning in late 2006 and early 2007, the fiscal environment began to change and due to already slowing national and state economic activity, total General Fund revenues increased by only 2.8 percent in FY 2006-07. In fact, per-capita revenues in FY 2006-07 fell by 0.8 percent and inflation-adjusted per-capita revenues were 3.1 percent below the level in FY 2005-06.

As economic conditions continued to worsen through the end of calendar year 2007 and into 2008, total General Fund revenues actually fell by 2.9 percent in FY 2007-08. On an inflation-adjusted per-capita basis, General Fund revenues decreased by 8.7 percent in FY 2007-08 to a level that is below that observed in FY 2003-04 and FY 2004-05 after the 2003 tax changes.

## **FORECAST: FY 2008-09 TO FY 2010-11**

Based on the Economic Forum's December 1, 2008, forecast, total General Fund revenues are projected to decrease by 9.1 percent to \$2.777 billion in FY 2008-09 and increase by only 0.2 percent to \$2.782 billion in FY 2009-10 and by 3.3 percent to \$2.874 billion in FY 2010-11. Total projected General Fund revenues for the 2009-11 biennium of \$5.656 billion are forecast to be 3.0 percent (\$175.0 million) below the projected revenues for the 2007-09 biennium of \$5.832 billion (amount includes FY 2007-08 actual collections and FY 2008-09 projected collections –December 2008 Economic Forum).

The projected revenues for the 2007-09 biennium of \$5.832 billion are approximately \$981 million (14.4 percent) below the Economic Forum's May 1, 2007, forecast (adjusted for legislative actions approved during the 2007 Legislative Session) for the 2007-09 biennium.

Based on the worsening economic conditions and Economic Forum's revised forecast for FY 2008-09 approved at its December 1, 2008, meeting, the Governor called the Legislature into Special Session on December 8, 2008. During the 25<sup>th</sup> Special Session, the Legislature enacted the following measures contained in Senate Bill 2 to provide an estimated additional \$31.1 million in General Fund revenue in FY 2008-09 and a reduction of \$1.5 million in FY 2009-10:

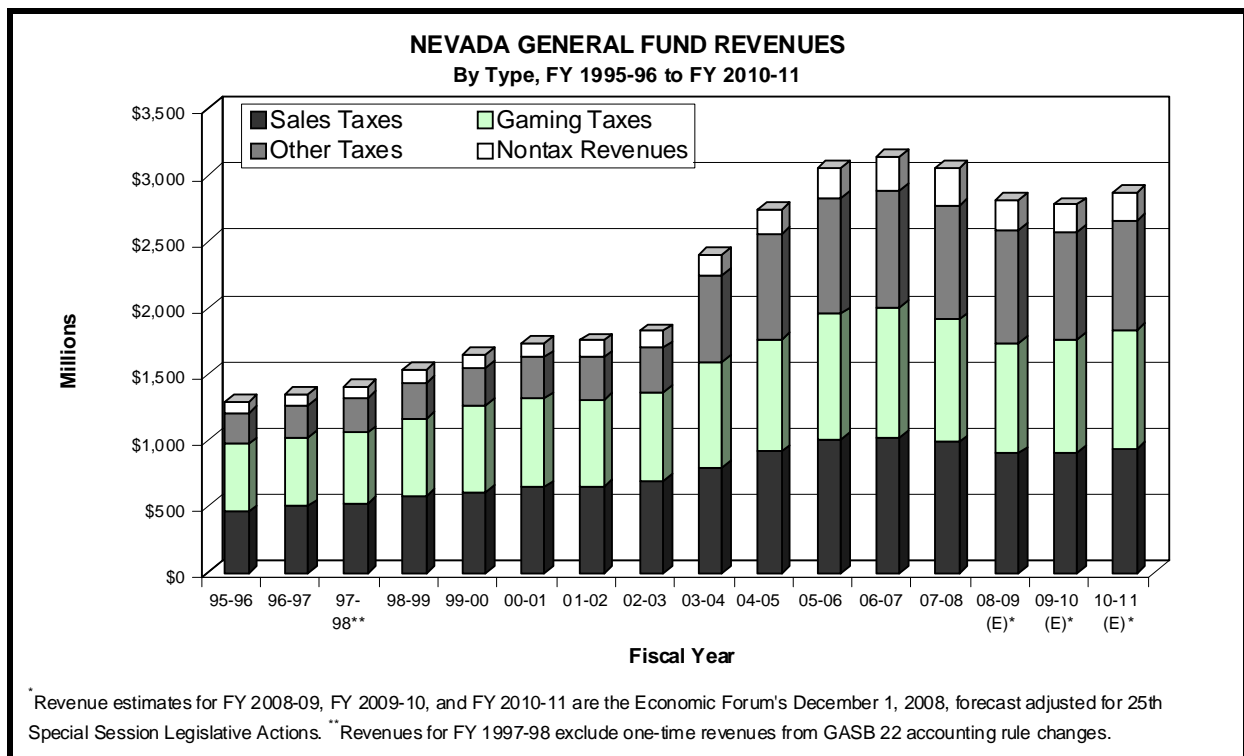
- Reduce the collection allowance provided to the taxpayer for collecting and remitting the following taxes, effective January 1, 2009, and ending on June 30, 2009: sales and use taxes (\$1,109,140), cigarette taxes (\$125,955), liquor taxes (\$50,412), and other tobacco taxes (\$11,209).
- Require one percent of the four percent recovery surcharge retained by short-term car rental companies as reimbursement for the cost of vehicle licensing fees and taxes to be deposited in the state General Fund effective January 1, 2009, and ending June 30, 2009.
- Require the advance payment on the net proceeds of minerals tax in FY 2008-09 based upon estimated net proceeds for current calendar year. The provisions also apply to FY 2009-10 and FY 2010-11, but revert back to the former method of taxing net proceeds based on the previous actual calendar year effective July 1, 2011 (FY 2011-12). This tax change is estimated to increase FY 2008-09 General Fund revenue by \$28.0 million and decrease FY 2009-10 collections by \$1.5 million.

## **COMPOSITION OF GENERAL FUND REVENUES**

From FY 1995-96 to FY 2002-03, taxes, on average, accounted for approximately 93.3 percent of total General Fund revenues. On average over this eight-year period, sales tax accounted for 37.2 percent and gaming taxes contributed 38.2 percent, with other taxes accounting for an average of 17.9 percent of total General Fund revenues. Non-tax revenues generated approximately 6.6 percent of total General Fund revenues on average over the FY 1995-96 to FY 2002-03 historical period.

The tax changes approved during the 20<sup>th</sup> Special Session did not alter the share of revenue provided by tax versus non-tax sources. However, the distribution amongst the sources of revenue generated within the tax category was changed. In FY 2003-04, total taxes accounted for 93.3 percent of total General Fund revenues, while non-tax revenue sources provided 6.7 percent, almost identical to the average shares observed prior to FY 2003-04. Sales taxes accounted for 32.9 percent and gaming taxes (including the gaming portion of the live entertainment tax) generated 33.3 percent of total General Fund revenues in FY 2003-04. The previous eight-year average shares for sales and gaming taxes had been 37.2 and 38.2 percent, respectively. The implementation of the modified business tax and real property transfer tax was the primary cause of the dilution in the shares of the sales tax and the gaming tax contributions to the General Fund.

Based on the Economic Forum's December 1, 2008, forecast (adjusted for legislative actions approved during the 25<sup>th</sup> Special Session), total taxes over the 2009-11 biennium are projected to account for approximately 92.5 percent of total General Fund revenues. The 2009-11 biennium sales tax collections are estimated to generate 32.5 percent of total General Fund revenues. Gaming taxes are expected to contribute 31.0 percent; other taxes are projected to provide 29.0 percent; and non-tax revenue sources are forecast to account for 7.5 percent of total General Fund revenues.





**GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST ADJUSTED FOR 25TH SPECIAL SESSION LEGISLATIVE ACTIONS**

**ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011**

**ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING ADJUSTED FOR 25TH SPECIAL SESSION ACTIONS**

February 2, 2009 - 9:30 AM

DESCRIPTION	FY 2005		FY 2006		FY 2007		FY 2008		ADJUSTED DECEMBER 1, 2008 ECONOMIC FORUM FORECAST					
	ACTUAL	% Change	ACTUAL	% Change	ACTUAL	% Change	ACTUAL [a.]	% Change	FY 2009	% Change	FY 2010	% Change	FY 2011	% Change
<b>TAXES</b>														
TOTAL MINING TAXES [3-FY09]	\$16,449,304	-2.2%	\$19,661,886	19.5%	\$27,698,719	40.9%	\$35,131,075	26.8%	\$61,600,000	75.3%	\$26,600,000	-56.8%	\$26,600,000	
TOTAL SALES AND USE TAX [1-FY04][1A-FY09][1B-FY09]	\$913,895,384	15.6%	\$1,005,054,248	10.0%	\$1,020,762,102	1.6%	\$985,739,728	-3.4%	\$902,060,140	-8.5%	\$905,548,000	0.4%	\$932,735,000	3.0%
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	\$749,655,622	4.9%	\$838,094,296	11.8%	\$858,640,751	2.5%	\$803,946,125	-6.4%	\$715,272,700	-11.0%	\$738,886,700	3.3%	\$767,472,900	3.9%
CASINO/LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	\$107,884,337	20.9%	\$117,109,288	8.6%	\$132,493,622	13.1%	\$131,820,221	-0.5%	\$125,927,000	-4.5%	\$129,879,000	3.1%	\$137,256,000	5.7%
INSURANCE PREMIUM TAX	\$215,948,970	11.1%	\$238,627,989	10.5%	\$260,000,139	9.0%	\$257,367,094	-1.0%	\$252,822,400	-1.8%	\$254,083,400	0.5%	\$261,438,900	2.9%
LIQUOR TAX [5-FY04][2-FY09]	\$35,490,874	7.5%	\$37,347,240	5.2%	\$38,911,094	4.2%	\$39,434,816	1.3%	\$39,329,412	-0.3%	\$39,940,000	1.6%	\$40,918,000	2.4%
CIGARETTE TAX [6-FY04][2-FY09]	\$113,282,664	6.1%	\$114,693,245	1.2%	\$113,071,937	-1.4%	\$110,418,288	-2.3%	\$100,962,955	-8.6%	\$102,329,000	1.4%	\$102,329,000	
OTHER TOBACCO TAX [7-FY04][2-FY09]	\$7,557,607	9.1%	\$8,178,593	8.2%	\$8,841,781	8.1%	\$8,840,580	0.0%	\$8,940,209	1.1%	\$9,057,000	1.3%	\$9,212,000	1.7%
LAETRILE & GEROVITAL MFG.														
HECC TRANSFER	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06]	\$14,486,315	22.2%	\$21,897,095	51.2%	\$19,997,653	-8.7%	\$19,566,390	-2.2%	\$19,883,000	1.6%	\$19,617,000	-1.3%	\$19,814,000	1.0%
BUSINESS LICENSE TAX [9-FY04]	\$1,297,383	-94.2%	\$431,986	-66.7%	\$239,466	-44.6%	\$13,983	-94.2%	\$10,000		\$7,500		\$5,000	
MODIFIED BUSINESS TAX														
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06]	\$205,348,170	40.5%	\$232,760,812	13.3%	\$257,432,283	10.6%	\$263,902,120	2.5%	\$264,203,000	0.1%	\$252,159,000	-4.6%	\$260,733,000	3.4%
MBT-FINANCIAL [11-FY04][5-FY06]	\$21,575,335	39.3%	\$22,491,110	4.2%	\$21,520,319	-4.3%	\$20,698,297	-3.8%	\$18,696,000	-9.7%	\$17,374,000	-7.1%	\$18,696,000	7.6%
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	\$3,084,456	104.5%	\$3,819,210	-8.6%	\$3,029,997	7.5%	\$3,142,650	3.7%	\$3,219,000	2.4%	\$3,178,000	-1.3%	\$3,213,000	1.1%
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	<u>\$148,730,974</u>	<u>69.0%</u>	<u>\$164,841,506</u>	<u>10.8%</u>	<u>\$120,374,961</u>	<u>-27.0%</u>	<u>\$85,882,799</u>	<u>-28.7%</u>	<u>\$66,640,000</u>	<u>-22.4%</u>	<u>\$70,000,000</u>	<u>5.0%</u>	<u>\$72,100,000</u>	<u>3.0%</u>
TOTAL TAXES	<u>\$2,559,687,394</u>	<u>14.1%</u>	<u>\$2,829,008,504</u>	<u>10.5%</u>	<u>\$2,888,014,822</u>	<u>2.1%</u>	<u>\$2,770,904,166</u>	<u>-4.1%</u>	<u>\$2,584,565,816</u>	<u>-6.7%</u>	<u>\$2,573,658,600</u>	<u>-0.4%</u>	<u>\$2,657,522,800</u>	<u>3.3%</u>
<b>LICENSES</b>														
INSURANCE LICENSES	\$11,358,651	7.4%	\$12,536,529	10.4%	\$13,706,513	9.3%	\$14,500,714	5.8%	\$15,226,000	5.0%	\$15,987,000	5.0%	\$16,786,000	5.0%
BANKING LICENSES [16-FY04]														
MARRIAGE LICENSES	\$599,890	0.9%	\$559,974	-6.7%	\$512,218	-8.5%	\$490,094	-4.3%	\$468,200	-4.5%	\$441,900	-5.6%	\$412,700	-6.6%
TOTAL SECRETARY OF STATE [14-FY04]	\$84,122,084	11.7%	\$101,139,626	20.2%	\$99,238,461	-1.9%	\$100,565,232	1.3%	\$96,580,000	-4.0%	\$97,075,000	0.5%	\$97,721,000	0.7%
PRIVATE SCHOOL LICENSES	\$274,132	8.9%	\$246,102	-10.2%	\$249,129	1.2%	\$217,403	-12.7%	\$200,500	-7.8%	\$212,000	5.7%	\$225,000	6.1%
PRIVATE EMPLOYMENT AGENCY	\$18,700	-28.1%	\$18,000	-3.7%	\$18,300	1.7%	\$18,700	2.2%	\$16,000	-14.4%	\$16,000		\$16,000	
TOTAL REAL ESTATE [15-FY04][16-FY04]	\$2,628,035	-1.0%	\$3,167,643	20.5%	\$3,160,580	-0.2%	\$2,884,718	-8.7%	\$2,795,500	-3.1%	\$2,791,500	-0.1%	\$2,875,530	3.0%
TOTAL FINANCIAL INSTITUTIONS [16-FY04]														
ATHLETIC COMMISSION FEES	<u>\$2,462,447</u>	<u>9.0%</u>	<u>\$3,042,779</u>	<u>23.6%</u>	<u>\$4,243,723</u>	<u>39.5%</u>	<u>\$3,200,947</u>	<u>-24.6%</u>	<u>\$3,100,000</u>	<u>-3.2%</u>	<u>\$3,200,000</u>	<u>3.2%</u>	<u>\$3,300,000</u>	<u>3.1%</u>
TOTAL LICENSES	<u>\$101,463,939</u>	<u>10.7%</u>	<u>\$120,710,653</u>	<u>19.0%</u>	<u>\$121,128,924</u>	<u>0.3%</u>	<u>\$121,877,809</u>	<u>0.6%</u>	<u>\$118,386,200</u>	<u>-2.9%</u>	<u>\$119,723,400</u>	<u>1.1%</u>	<u>\$121,336,230</u>	<u>1.3%</u>
<b>FEES AND FINES</b>														
VITAL STATISTICS FEES [17-FY04]	\$845,362	11.3%	\$901,094	6.6%	\$990,077	9.9%	\$979,552	-1.1%	\$1,008,900	3.0%	\$1,039,200	3.0%	\$1,070,400	3.0%
DIVORCE FEES	\$208,010	1.2%	\$211,146	1.5%	\$201,846	-4.4%	\$201,111	-0.4%	\$201,200	0.0%	\$200,800	-0.2%	\$200,500	-0.1%
CIVIL ACTION FEES	\$1,412,898	2.6%	\$1,396,729	-1.1%	\$1,445,950	3.5%	\$1,530,101	5.8%	\$1,572,400	2.8%	\$1,635,700	4.0%	\$1,698,900	3.9%
INSURANCE FEES	\$576,035	-7.7%	\$1,370,097	137.8%	\$882,643	-35.6%	\$2,143,195	142.8%	\$1,300,000	-39.3%	\$688,000	-47.1%	\$688,000	
MEDICAL PLAN DISCOUNT REGISTRATION FEES					\$9,000		\$12,000	33.3%	\$16,000	33.3%	\$17,500	9.4%	\$19,000	8.6%
TOTAL REAL ESTATE FEES	\$1,243,176	13.2%	\$1,452,974	16.9%	\$1,268,567	-12.7%	\$957,184	-24.5%	\$772,600	-19.3%	\$766,450	-0.8%	\$780,550	1.8%
SHORT-TERM CAR LEASE [4-FY09]	\$26,793,014	4.5%	\$26,659,712	-0.5%	\$29,806,850	11.8%	\$29,792,195	0.0%	\$29,779,910	0.0%	\$28,700,000	-3.6%	\$30,135,000	5.0%
ATHLETIC COMMISSION LICENSES/FINES	\$122,515	11.6%	\$690,076	463.3%	\$585,662	-15.1%	\$482,325	-17.6%	\$450,000	-6.7%	\$475,000	5.6%	\$475,000	
WATER PLANNING FEES														
STATE ENGINEER SALES	\$2,077,432	22.3%	\$2,249,185	8.3%	\$2,165,724	-3.7%	\$2,272,980	5.0%	\$1,700,000	-25.2%	\$1,700,000		\$1,700,000	
SUPREME COURT FEES	\$208,203	-4.9%	\$195,680	-6.0%	\$218,285	11.6%	\$220,335	0.9%	\$225,200	2.2%	\$230,900	2.5%	\$238,300	3.2%
MISC. FINES/FORFEITURES	<u>\$484,199</u>	<u>85.2%</u>	<u>\$1,269,520</u>	<u>162.2%</u>	<u>\$2,631,519</u>	<u>107.3%</u>	<u>\$2,400,455</u>	<u>-8.8%</u>	<u>\$3,052,700</u>	<u>27.2%</u>	<u>\$2,127,100</u>	<u>-30.3%</u>	<u>\$2,375,200</u>	<u>11.7%</u>
TOTAL FEES AND FINES	<u>\$33,970,845</u>	<u>6.2%</u>	<u>\$36,396,214</u>	<u>7.1%</u>	<u>\$40,206,123</u>	<u>10.5%</u>	<u>\$40,991,433</u>	<u>2.0%</u>	<u>\$40,078,910</u>	<u>-2.2%</u>	<u>\$37,580,650</u>	<u>-6.2%</u>	<u>\$39,380,850</u>	<u>4.8%</u>
<b>USE OF MONEY AND PROPERTY</b>														
LYON COUNTY REPAYMENTS														
OTHER REPAYMENTS [18-FY04]	\$2,100,078	4.5%	\$2,200,892	4.8%	\$2,905,765	32.0%	\$5,145,859	77.1%	\$4,016,543	-21.9%	\$1,639,465	-59.2%	\$1,145,006	-30.2%
MARLETTE REPAYMENT	\$10,512		\$10,664	1.4%	\$10,512	-1.4%	\$10,512		\$10,512		\$10,512		\$9,185	-12.6%
INTEREST INCOME	<u>\$13,685,869</u>	<u>202.2%</u>	<u>\$32,933,368</u>	<u>140.6%</u>	<u>\$52,915,782</u>	<u>60.7%</u>	<u>\$56,336,346</u>	<u>6.5%</u>	<u>\$16,913,800</u>	<u>-70.0%</u>	<u>\$5,534,100</u>	<u>-67.3%</u>	<u>\$12,060,200</u>	<u>117.9%</u>
TOTAL USE OF MONEY AND PROPERTY	<u>\$15,796,458</u>	<u>141.2%</u>	<u>\$35,144,924</u>	<u>122.5%</u>	<u>\$55,832,059</u>	<u>58.9%</u>	<u>\$61,492,717</u>	<u>10.1%</u>	<u>\$20,940,855</u>	<u>-65.9%</u>	<u>\$7,184,077</u>	<u>-65.7%</u>	<u>\$13,214,391</u>	<u>83.9%</u>
<b>OTHER REVENUE</b>														
HOOVER DAM REVENUE	\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000		\$300,000	
MISC. SALES AND REFUNDS	\$1,428,335	58.9%	\$3,934,335	175.4%	\$5,031,331	27.9%	\$2,383,105	-52.6%	\$938,800	-60.6%	\$956,300	1.9%	\$953,500	-0.3%
COST RECOVERY PLAN	\$9,624,189	-0.9%	\$10,458,762	8.7%	\$10,455,487	0.0%	\$7,139,068	-31.7%	\$7,144,500	0.1%	\$7,144,500		\$7,144,500	
PETROLEUM INSPECTION FEES	\$582,201	4.3%	\$580,469	-0.3%	\$609,362	5.0%		-100.0%	#DIV/0!					
UNCLAIMED PROPERTY [9-FY06]	<u>\$19,811,660</u>	<u>1.0%</u>	<u>\$22,269,598</u>	<u>12.4%</u>	<u>\$23,464,527</u>	<u>5.4%</u>	<u>\$49,179,534</u>	<u>109.6%</u>	<u>\$36,000,000</u>	<u>-26.8%</u>	<u>\$34,357,000</u>	<u>-4.6%</u>	<u>\$34,305,000</u>	<u>-0.2%</u>
TOTAL OTHER REVENUE	<u>\$31,746,384</u>	<u>2.1%</u>	<u>\$37,543,164</u>	<u>18.3%</u>	<u>\$39,860,707</u>	<u>6.2%</u>	<u>\$59,001,707</u>	<u>48.0%</u>	<u>\$44,383,300</u>	<u>-24.8%</u>	<u>\$42,757,800</u>	<u>-3.7%</u>	<u>\$42,703,000</u>	<u>-0.1%</u>
<b>TOTAL GENERAL FUND REVENUE</b>	<u>\$2,742,665,021</u>	<u>14.1%</u>	<u>\$3,058,803,459</u>	<u>11.5%</u>	<u>\$3,145,042,636</u>	<u>2.8%</u>	<u>\$3,054,267,831</u>	<u>-2.9%</u>	<u>\$2,808,355,081</u>	<u>-8.1%</u>	<u>\$2,780,904,527</u>	<u>-1.0%</u>	<u>\$2,874,157,271</u>	<u>3.4%</u>

**NOTES:**

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

**FY 2003-04 (Actual collections are not displayed in the table for FY 2004, but notes were retained as they reflect the tax changes approved by the Legislature during the 2003 Regular and Special Sessions.)****FY 2004**

- [1-FY04] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the sales tax to the state from 1.25% to 0.5%, effective July 1, 2003.
- [2-FY04] S.B. 8 (20th S.S.) increased gross gaming tax rates by 0.5%: 3.0% to 3.5% on monthly revenue up to \$50,000; 4.0% to 4.5% on revenue over \$50,000 and up to \$134,000; 6.25% to 6.75% on revenue exceeding \$134,000, effective August 1, 2003.
- [3-FY04] S.B. 8 (20th S.S.) increased quarterly restricted slot fees by 33%: from \$61 to \$81 per machine, up to 5 machines; from \$106 to \$141 for each machine over 5, up to 15 machines, effective July 22, 2003.
- [4a-FY04] S.B. 8 (20th S.S.) modified types of establishments and entertainment subject to the current 10% Casino Entertainment Tax (CET), effective September 1 to December 31, 2003 [Estimated to generate \$4,982,000 additional collections during 4-month period].
- [4b-FY04] S.B. 8 (20th S.S.) repealed CET and replaced by Live Entertainment Tax (LET): 5% of admissions price, if entertainment is in facility with 7,500 or more seats; 10% of admissions price & food, beverage, and merchandise purchased, if facility has more than 300 and up to 7,500 seats; exempt from the tax if facility is a non-gaming establishment with less than 300 seats or is gaming establishment with less than 300 seats and less than 51 slot machines, 6 games, or any combination thereof, effective January 1, 2004.
- [5-FY04] S.B. 8 (20th S.S.) increased liquor taxes by 75%: beer from 9 cents to 16 cents per gallon; liquor up to 14% alcohol from 40 cents to 70 cents per gallon; liquor over 14% and up to 22% alcohol from 75 cents to \$1.30 per gallon; liquor over 22% alcohol from \$2.05 (15 cents for alcohol abuse program, 50 cents to local government, and \$1.40 to state general fund) to \$3.60 per gallon (15 cents for alcohol abuse program, 50 cents to local government, and \$2.95 to state general fund), effective August 1, 2003. [Estimated to generate \$13,873,000 in FY 2004 and \$15,536,000 in FY 2005]. A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the liquor tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$734,000 in FY 2004 and \$822,000 in FY 2005]
- [6-FY04] S.B. 8 (20th S.S.) increased cigarette tax per pack of 20 by 45 cents: from 35 cents per pack (10 cents to Local Government Distribution Fund, 25 cents to state general fund) to 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to state general fund), effective July 22, 2003. [Estimated to generate \$63,268,000 in FY 2004 and \$70,047,000 in FY 2005] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the cigarette tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$2,538,000 in FY 2004 and \$2,884,000 in FY 2005]
- [7-FY04] A.B. 4 (20th S.S.) reduced collection allowance provided to taxpayer for collecting and remitting tax on other tobacco items from 2.0% to 0.5%, effective August 1, 2003.
- [8-FY04] S.B. 8 (20th S.S.) changed the \$25 one-time annual business license fee to an annual fee of \$100, effective July 22, 2003.
- [9-FY04] S.B. 8 (20th S.S.) repealed the current quarterly \$25 per employee tax when the Modified Business Tax comes online, effective October 1, 2003. [See Notes 10 and 11]
- [10-FY04] S.B. 8 (20th S.S.) imposes tax on gross payroll of a business less a deduction for health care provided to employees, effective October 1, 2003. Tax rate is 0.70% in FY 2004 and 0.65% in FY 2005.
- [11-FY04] S.B. 8 (20th S.S.) imposes tax of 2.0% on gross payroll of a financial institution less a deduction for health care provided to employees, effective October 1, 2003.
- [12-FY04] S.B. 8 (20th S.S.) imposes excise tax on each bank of \$7,000 per year (\$1,750 per quarter) on each branch office, effective January 1, 2004.
- [13-FY04] S.B. 8 (20th S.S.) imposes tax of \$1.30 per \$500 of value on the transfers of real property, effective October 1, 2003.
- [14-FY04] S.B.2 and A.B. 4 (20th S.S.) makes changes to the rates and structure of the fees collected from entities filing with the Secretary of State's office, effective September 1, 2003 for Securities and UCC fee increases and November 1, 2003 for changes to commercial recording fees.
- [15-FY04] S.B. 428 (2003 Session) increases real estate salesman, broker-salesman, and brokers licensing fees by \$20 for an original license and \$10 for renewal of license (original and renewal license fee varies depending on type of license), effective July 1, 2003.
- [16-FY04] A.B. 493 (2003 Session) established that revenues from fees collected by the Division of Financial Institutions of the Department of Business & Industry will be deposited in a separate fund to pay the expenses related to the operations of the Commissioner of Financial Institutions and the Division of Financial Institutions, effective January 1, 2004. Previously, the revenues from the fees were deposited in the state general fund.
- [17-FY04] A.B. 550 (2003 Session) increased state's portion of the fee for issuing copy of a birth certificate by \$2 and fee for issuing copy of death certificate by \$1, effective October 1, 2003
- [18-FY04] S.B. 504 (2003 Session) transferred the State Printing Division of the Department of Administration to the Legislative Counsel Bureau and all debt to the state general fund was forgiven, effective July 1, 2003.
- [19-FY04] Beginning in FY 2004, the portion of the fees collected by the Real Estate Division for Real Estate Testing Fees that belong to the general fund are transferred from Category 28 in BA 3823 to GL 4741 in the General Fund. Previously, the revenue from these fees were reverted to the general fund at the end of the fiscal year.

**FY 2006**

- [1-FY06] S.B. 357 (2005 Session) allocates \$1 per slot machine per quarter in FY 2006 and \$2 per slot machine per quarter in FY 2007 from the quarterly fee imposed on restricted and nonrestricted slot machines and sunsets effective June 30, 2007. A total of \$822,000 in FY 2006 and \$1,678,000 is projected to be deposited in the Account to Support Programs for the Prevention and Treatment of Problem Gambling. (FY 2006: \$84,666 - Restricted; \$737,334 - Nonrestricted and FY 2007: \$172,834 - Restricted; \$1,505,166 - Nonrestricted)
- [2-FY06] A.B. 554 (2005 Session) lowers the occupancy threshold from 300 to 200, effective July 1, 2005. Estimated to generate \$3,600,000 in FY 2006 and FY 2007.
- [3-FY06] S.B. 3 (22nd S.S.) provides an exemption for entities that have four or fewer rental dwelling units. Estimated to reduce collections by \$2,975,000 in FY 2006 and \$3,060,000 in FY 2007.
- [4-FY06] S.B. 3 (22nd S.S.) allows an entity operating a facility where craft shows, exhibitions, trade shows, conventions, or sporting events to pay the BLF for entities not having a business license as an annual flat fee of \$5,000 or on a \$1.25 times the number entities without a business license times the number days of the show basis. Estimated to generate \$134,420 in FY 2006 and \$158,884 in FY 2007.
- [5-FY06] S.B. 391 (2005 Session) replaces the NAICS-based approach for defining a financial institution with a structure based on a state or federal licensing or regulatory requirement for conducting financial activities. Collection agencies and pawn shops are not included as financial institutions, but as nonfinancial businesses. The changes are estimated to reduce MBT-Financial collections by \$1,801,800 in FY 2006 and \$2,047,500 in FY 2007 and increase MBT-Nonfinancial collections by \$584,168 in FY 2006 and \$621,237 in FY 2007. Net effect is a reduction in total MBT collections of \$1,217,632 in FY 2006 and \$1,426,263 in FY 2007.
- [6-FY06] S.B. 523 (2005 Session) reduces the MBT-nonfinancial institutions tax rate from 0.65% to 0.63% from July 1, 2005 to June 30, 2007. Estimated to reduce collections by \$6,978,000 in FY 2006 and \$7,450,000 in FY 2007.
- [7-FY06] S.B. 3 (22nd S.S.) provides an exemption for the first branch bank operated by a bank in each county, replacing the previous exemption for one branch bank only. Estimated to reduce collections by \$441,000 in FY 2006 and FY 2007.
- [8-FY06] S.B. 390 (2005 Session) increases the collection allowance provided to Clark County and Washoe County from 0.2% to 1.0%, effective July 1, 2005, which makes the collection allowance 1.0% in all 17 counties. Estimated to reduce collections by \$1,056,292 in FY 2006 and \$1,022,504 in FY 2007.
- [9-FY06] S.B. 4 (22nd S.S.) allocates \$7,600,000 of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2006 and FY 2007.

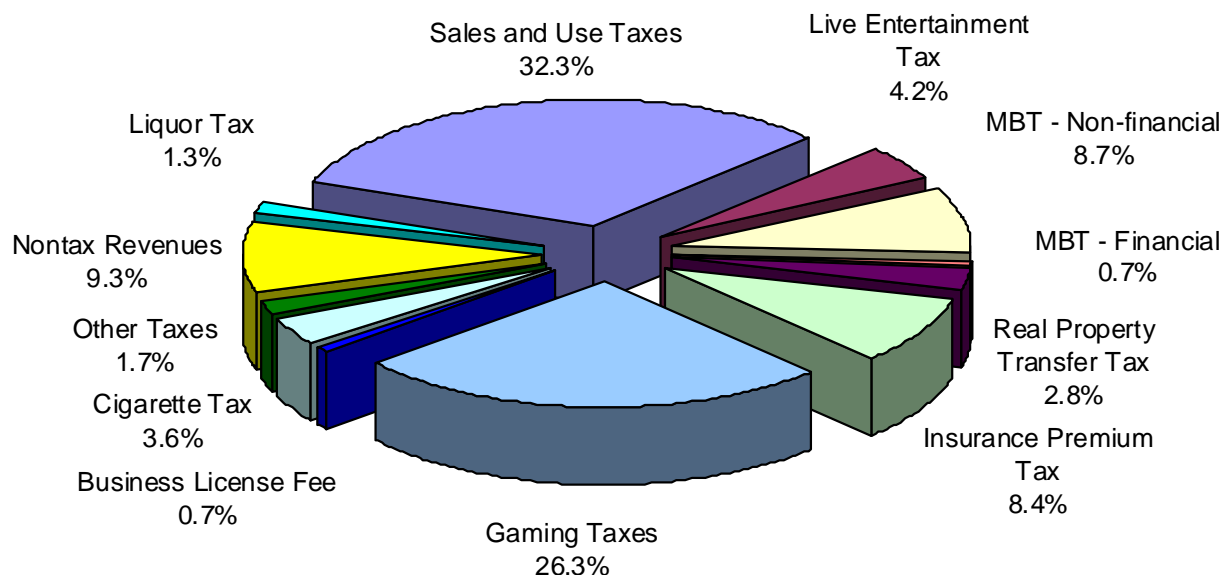
**FY 2008**

- [1-FY08] Per the June 30, 2007, sunset provision of S.B. 357 (2005 Session), the \$2 per slot machine per quarter allocated from the quarterly license fee imposed on restricted and nonrestricted slot machines to the Account to Support Programs for the Prevention and Treatment of Problem Gambling ceases and the full amount collected from the quarterly slot fees remains in the General Fund.
- [2-FY08] Per the A.B. 554 (2005 Session), race events that are part of the National Association of Stock Car Auto Racing (NASCAR) Nextel Cup series and all races associated with such an event are exempt from the LET, effective July 1, 2007.
- [3-FY08] Per the sunset provision of S.B. 523 (2005 Session), the MBT-nonfinancial institutions tax rate increases to 0.65% from 0.63%, effective July 1, 2007.
- [4-FY08] S.B. 165 (2005 Session) requires the state General Fund portion of the petroleum inspection fees imposed pursuant to NRS 590.120 to be deposited into a separate account for use by the Department of Agriculture, effective July 1, 2007.

**FY 2009**

- [1A-FY09] S.B. 2 (25th S.S.) reduced the collection allowance provided to taxpayer for collecting and remitting sales and use taxes to the State from 0.5% to 0.25% effective January 1, 2009 and ending on June 30, 2009. During the six months the reduction in the collection allowance is effective in FY 2009, it is estimated that the change will generate \$1,087,145 for the State 2% Sales Tax.
- [1B-FY09] S.B. 2 (25th S.S.) reduced the collection allowance provided to taxpayer for collecting and remitting sales and use taxes from 0.5% to 0.25% effective January 1, 2009 and ending on June 30, 2009. During the six months the reduction in the collection allowance is effective in FY 2009, it is estimated that the General Fund commission of 0.75% retained by the State for collecting and distributing the LSST, BCCRT, SCCRT, and Local Option taxes (LOPT) will generate the following additional General Fund revenue: LSST - \$8,859; BCCRT - \$1,968; SCCRT - \$6,893; and LOPT - \$4,275.
- [2-FY09] S.B. 2 (25th S.S.) reduced the collection allowance provided to taxpayer for collecting and remitting cigarette taxes, liquor taxes, and other tobacco taxes to the state from 0.5% to 0.25% effective January 1, 2009 and ending on June 30, 2009. During the six months the reduction in the collection allowance is effective in FY 2009, it is estimated to generate the following additional General Fund revenue: Cigarette Tax - \$125,955; Liquor Tax - \$50,412, and Other Tobacco Tax - \$11,209.
- [3-FY09] S.B. 2 (25th S.S.) requires the advance payment on the net proceeds of minerals tax in FY 2009 based upon estimated net proceeds for the current calendar year. The provisions of S.B. 2 also apply to FY 2010 and FY 2011, but the net proceeds of minerals tax reverts back to the former method (based on previous calendar year) of taxing net proceeds on July 1, 2011. Based on S.B. 2, the Economic Forum's December 1 estimates for net proceeds tax for FY 2010 will be collected in FY 2009 and FY 2011 will be collected in FY 2010. Thus, S.B. 2 is estimated to increase FY 2009 net proceeds tax collections by \$28,000,000 and decrease FY 2010 collections by \$1,500,000 (\$26,500,000 - \$28,000,000). There is no revenue impact on FY 2011 as the net proceeds of mineral tax is estimated to remain at \$26,500,000 in FY 2011.
- [4-FY09] S.B. 2 (25th S.S.) requires that 1% of the 4% recovery surcharge retained by short-term car rental companies as reimbursement for costs of vehicles licensing fees and taxes to be deposited in the state General Fund effective January 1, 2009, and ending June 30, 2009. During the six months that the transfer of 1% of the 4% recovery surcharge to the General Fund is effective in FY 2009, it is estimated that it will generate additional General Fund revenue of \$1,779,910.

## NEVADA GENERAL FUND REVENUE ACTUAL BY SOURCE, FY 2007-08



### ACTUAL GENERAL FUND REVENUE - FY 2007-08

	Millions \$'s	% of Total		Millions \$'s	% of Total
<b>Taxes:</b>			<b>Other Taxes:</b>		
State Gaming Taxes	\$803.9	26.3%	Business License Tax <sup>A</sup>	\$0.0	0.0%
Sales and Use Taxes	\$985.7	32.3%	Mining Tax	\$35.1	1.1%
Insurance Premium Tax	\$257.4	8.4%	Annual Slot Tax Transfer	\$5.0	0.2%
Cigarette Tax	\$110.4	3.6%	Other Tobacco Tax	\$8.8	0.3%
Live Entertainment Tax:			Branch Bank Excise Tax	\$3.1	0.1%
Gaming Establishments	\$121.6	3.9%	<b>Subtotal Other Taxes</b>	<b>\$52.1</b>	<b>1.7%</b>
Non-Gaming Establishments	\$10.2	0.3%			
Modified Business Tax (MBT):			<b>Subtotal Taxes</b>	<b>\$2,770.9</b>	<b>90.7%</b>
Non-Financial Institutions	\$263.9	8.7%			
Financial Institutions	\$20.7	0.7%	<b>Nontax Revenues</b>		
Real Property Transfer Tax	\$85.9	2.8%	Licenses	\$121.9	4.0%
Business License Fee	\$19.6	0.7%	Fees and Fines	\$41.0	1.3%
Liquor Tax	\$39.4	1.3%	Use of Money and Property	\$61.5	2.1%
			Miscellaneous Revenues	\$59.0	1.9%
			<b>Subtotal Nontax Revenues</b>	<b>\$283.4</b>	<b>9.3%</b>
			<b>Total General Fund</b>	<b>\$3,054.3</b>	<b>100.0%</b>

<sup>A</sup> Business License Tax was repealed by S.B. 8 (20th S.S.), but residual amounts are still collected from audits.

### **GENERAL FUND APPROPRIATION TRENDS**

Over an eight-year period, General Fund operating appropriations have grown from \$1.970 billion in FY 2002-03 to \$3.143 billion, as recommended by the Governor in FY 2010-11, which represents an increase of 59.6 percent. The average annual growth in General Fund appropriations over this period has been 6.0 percent.

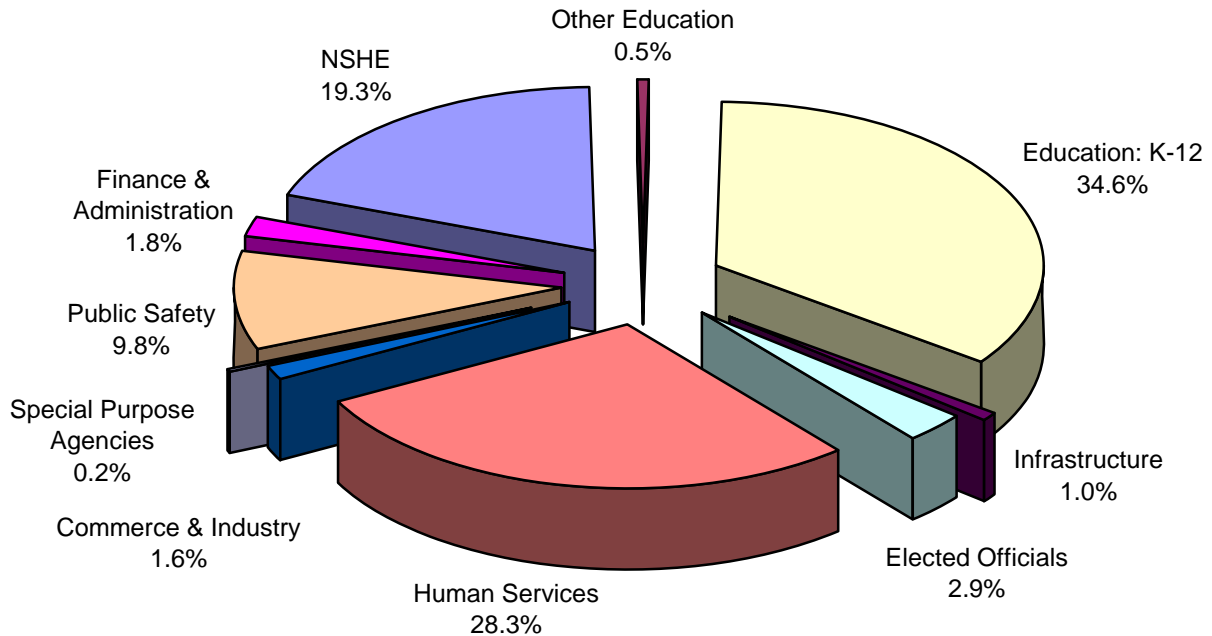
The General Fund budget for the 2009-11 biennium, as displayed graphically on the following page, depicts how the budget is recommended by the Governor to be allocated on a functional basis during the 2009-11 biennium. Education, which is recommended to receive 51.1 percent of state appropriations, has historically represented the largest responsibility of state government. However, the percentage of state appropriations recommended for Education during the 2009-11 biennium would be less than the 54.4 percent allocated to the Education function as approved by the 2007 Legislature during the 2007-09 biennium.

### **TOTAL STATE BUDGET TRENDS**

The legislatively-approved state budget for all funding sources, which includes the General Fund, the Highway Fund, federal funds, and other funds available to state agencies, has grown over the last eight years from \$5.132 billion in FY 2002-03 to \$7.804 billion, as recommended by the Governor in FY 2010-11, an increase of 52.1 percent. The average annual increase during this period has been 5.4 percent.

# NEVADA GENERAL FUND APPROPRIATIONS

## LEGISLATURE APPROVED, 2007-09 BIENNIUM



### LEGISLATURE APPROVED APPROPRIATIONS - 2007-09 BIENNIUM

	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>Total</u>	<u>% of TOTAL</u>
ELECTED OFFICIALS	\$ 93,218,502	\$ 100,812,488	\$ 194,030,990	2.9%
FINANCE & ADMINISTRATION	\$ 52,600,759	\$ 71,984,127	\$ 124,584,886	1.8%
EDUCATION:				
NEVADA SYSTEM OF HIGHER EDUCATION	\$ 639,293,540	\$ 677,091,932	\$ 1,316,385,472	19.3%
KINDERGARTEN TO 12TH GRADE	\$ 1,136,680,963	\$ 1,215,606,507	\$ 2,352,287,470	34.6%
OTHER EDUCATION	\$ 15,605,059	\$ 16,991,470	\$ 32,596,529	0.5%
SUBTOTAL EDUCATION	\$ 1,791,579,562	\$ 1,909,689,909	\$ 3,701,269,471	54.4%
HUMAN SERVICES	\$ 915,286,382	\$ 1,011,722,346	\$ 1,927,008,728	28.3%
COMMERCE & INDUSTRY	\$ 52,051,310	\$ 53,122,390	\$ 105,173,700	1.6%
PUBLIC SAFETY	\$ 319,823,935	\$ 346,580,972	\$ 666,404,907	9.8%
INFRASTRUCTURE	\$ 35,952,417	\$ 33,537,044	\$ 69,489,461	1.0%
SPECIAL PURPOSE AGENCIES	\$ 6,480,205	\$ 7,679,060	\$ 14,159,265	0.2%
TOTAL	\$ 3,266,993,072	\$ 3,535,128,336	\$ 6,802,121,408	100.0%



## SECTION II

### GENERAL FUND PROJECTED FUND BALANCE

Senate Bill 23 (1993) established an Economic Forum to forecast state General Fund revenues for use by all state agencies, the Governor and the Legislature (NRS 353.226 - NRS 353.229). The Economic Forum must forecast revenues by December 1 of even-numbered years and revise the forecast by May 1 during the Legislative Session, if necessary. If either the Governor or the Legislature wants to appropriate more than what is available pursuant to the official forecast, a revenue enhancement proposal must be made.

The Governor is recommending the following “new/enhanced” General Fund revenues for the 2009-11 biennium:

	FY 2010	FY 2011	Total 2009-11 Biennium
Imposition of Additional 3% Lodging Tax in Clark and Washoe Counties	\$ 142,000,000	\$ 150,000,000	\$ 292,000,000
"Redirect" 4 Cents of Ad Valorem Revenue in Counties with Population Greater than 400,000 (Clark & Washoe)	\$ 39,396,104	\$ 39,704,044	\$ 79,100,148
Redirect 3/8's of 1% Lodging Tax from Commission on Tourism to the State General Fund (a.)	\$ 17,700,000	\$ 18,700,000	\$ 36,400,000
Adjust Gross Gaming Revenue Fee to Include Markers Issued	\$ 31,000,000	\$ -	\$ 31,000,000
Increase Sales and Use Tax Collection Allowance Levied by the State from 0.75% to 1.75%	\$ 14,332,000	\$ 14,778,667	\$ 29,110,667
Deposit in the General Fund a Portion of the Court Assessments Collected Pursuant to NRS 176.059 (b.)	\$ 5,392,856	\$ 6,861,227	\$ 12,254,083
Redirect Secretary of State's Fees Charged Pursuant to NRS 225.140, Sec. 2 (d) to the State General Fund (c.)	\$ 2,272,569	\$ 1,818,056	\$ 4,090,625
<b>Total New/Enhanced General Fund Revenues</b>	<b>\$ 252,093,529</b>	<b>\$ 231,861,994</b>	<b>\$ 483,955,523</b>

(a.) General Fund Appropriation of \$8,115,496 (FY 2010) and \$8,590,742 (FY 2011) is recommended by the Governor to support the Commission on Tourism. Historically, the Commission has been supported by 3/8's of 1% Lodging Tax.

(b.) Historically, these fees have been utilized to support certain budgets within the Courts (51%), Victims of Crime, Criminal History Repository, and Peace Officers Standards and Training.

(c.) Historically, these fees have been utilized to support a portion of the Secretary of State's budget. The Governor is recommending the Secretary of State's budget be supported entirely by a General Fund Appropriation.

The Governor is also recommending (as approved for fiscal year 2009 by the 25<sup>th</sup> Special Session) the redirection of property tax receipts from the Indigent Supplemental Fund through the Intergovernmental Transfer account to the Medicaid account to offset General Fund appropriations to Medicaid by \$27.8 million in fiscal year 2010 and \$28.1 million in fiscal year 2011, a total of \$55.9 million over the 2009-11 biennium.

The 25<sup>th</sup> Special Session authorized a “Line of Credit” of \$160 million with the Local Government Pooled Investment Fund in fiscal year 2009. The Governor is projecting \$143.6 million will be drawn in fiscal year 2009. The repayment of this “draw” is recommended in the amount of \$38.1 million in fiscal year 2010 and \$38 million in fiscal

year 2011. The source of the repayment is \$15 million per year from the Bond Interest and Redemption Account and General Fund appropriations of \$23.1 million in fiscal year 2010 and \$23 million in fiscal year 2011.

Once the official forecast of state revenues has been completed, an estimate of the unappropriated General Fund balance (surplus) can be made. The schedule on page 14 displays the General Fund balance as estimated by the Budget Division for fiscal years 2008-09 through 2010-11. This balance is estimated to be achieved based on the General Fund revenue projections as provided by the Economic Forum on December 1, 2008 (decrease of \$753.4 million for FY 2008-09 from the May 1, 2007, projections and the amount approved by the 2007 Legislature) and adjusted by actions taken during the 25<sup>th</sup> Special Session. The Governor is also recommending reversions and fund transfers of \$893.1 million in fiscal year 2008-09 (refer to the following schedule for details).

The projected General Fund balance, before any legislative action, on June 30, 2009, is projected to be \$585.7 million. Pursuant to NRS 353.213, the recommended budget must provide for a reserve of not less than 5 percent or more than 10 percent of the total proposed ongoing appropriations from the state General Fund. Based on this statute, the ending fund balance for FY 2006-07 requires a minimum reserve of \$170 million (5 percent); this results in \$415.7 million available for appropriation in FY 2008-09 by the 2009 Legislature. Under the proposed budget, the balance would decrease from \$315.7 million on June 30, 2008, to \$189.2 million on June 30, 2011 (minimum 5 percent reserve would be \$157.2 million).

### **STABILIZATION FUND (NRS 353.288)**

In 1991, the Legislature created the Fund to Stabilize the Operation of State Government (Rainy Day Fund) to help stabilize the budget. The idea was to create a state trust fund which could be funded during good times and accessed in a fiscal emergency. When the state General Fund surplus reaches a certain threshold at the end of a fiscal year, a portion of the excess is to be held in trust to help the state through financial emergencies. The conditions under which monies held in trust can be expended are tightly defined in law (NRS 353.288) and require concurrence of both the Legislature and the Governor.

The 2003 Legislature approved A.B. 259, which provided for the transfer of \$135 million from the Rainy Day Fund to the state General Fund. Following this transfer, approximately \$1.3 million remained in the Rainy Day Fund. The 24<sup>th</sup> Special Session approved S.B. 1, which provided for the transfer of \$267 million from the Rainy Day Fund to the state General Fund



The following summarizes the activities in the Fund to Stabilize the Operation of State Government subsequent to the 2003 Legislature:

<b>The Fund to Stabilize the Operation of State Government</b>	
<b>Balance – Close of the 2003 Legislative Session</b>	<b>\$1,340,970</b>
Transfer per NRS 353.288 – Close of FY 2004	\$70,609,836
Contingent Appropriation – S.B. 1, 20 <sup>th</sup> Special Session	\$50,000,000
Transfer per NRS 353.288 – Close of FY 2005	\$25,214,470
Appropriation Approved by 2005 Legislature – FY 2006	\$37,000,000
Transfer per NRS 353.288 – Close of FY 2006	\$49,467,240
Appropriation Approved by 2005 Legislature – FY 2007	\$34,000,000
<b>Estimated Balance – Close of FY 2007</b>	<b>\$267,632,516</b>
A.B. 1, 24 <sup>th</sup> Special Session	-\$267,000,000
<b>Balance Start of 2009 Legislative Session</b>	<b>\$632,516</b>

**Statement of Projected Unappropriated  
General Fund Balance – Fiscal Years 2009-11 – Governor Recommends**

<b>Unappropriated Balance July 1, 2007 (a.)</b>	<b>\$ 315,698,733</b>
<b>Unrestricted General Fund Revenue</b>	
Projected Revenues FY 2006-07 - Economic Forum December 1, 2008	\$ 2,777,278,456
<b>Restricted General Fund Revenue</b>	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,632,000
<b>General Fund Reversions / Fund Transfers</b>	
Unrestricted General Fund Reversions	\$ 45,000,000
Ongoing, One-Shot, Capital Improvement & IFC Budget Reserves	\$ 337,943,569
Eliminate Retiree Pre-Funding of Health Insurance	\$ 27,793,246
Transfer from the Healthy Nevada Fund	\$ 17,200,000
Transfer from the Public Health Trust Fund	\$ 41,227,466
Transfer from the Fund to Stabilize the Operation of State Government	\$ 72,000,000
Transfers / Reversions from Various Accounts	\$ 20,000,000
25th Special Session Solutions	\$ 325,397,138
General Fund Savings from Excess Retired Group Insurance Reserves	\$ 6,030,535
Accelerated Repayments from Buildings & Grounds	\$ 481,500
<b>Total Funds Available</b>	<b>\$ 3,995,282,643</b>
<b>Less Appropriations:</b>	
FY 2008-09 Operating Appropriations	\$ (3,487,132,623)
Appropriations Transferred Between Fiscal Years	\$ 87,498,140
One-Time Appropriations - 2007 Legislature	\$ (8,092,035)
<b>Total FY 2008-09 Appropriations Before Legislative Action</b>	<b>\$ (3,407,726,518)</b>
<b>Restricted General Fund Transfers</b>	
Problem Gambling	\$ (1,632,000)
Millennium Scholarship Trust Fund	\$ -
Disaster Relief Account	\$ (253,008)
<b>Total Estimated General Fund Balance July 1, 2009 (a.)</b>	<b>\$ 585,671,117</b>
<b>5% Minimum Ending Fund Balance</b>	<b>\$ 169,981,724</b>
<b>Balance Over / (Under) 5% Minimum Ending Fund Balance</b>	<b>\$ 415,689,393</b>
(a.) Subject to reconciliation with the Controller's Annual Report. Does not include \$632,516 in the Stabilization Fund (Rainy Day Fund).	
<b><u>Estimated General Fund Balance Before Legislative Action</u></b>	
<b>Unrestricted General Fund Revenue</b>	
Projected Revenues FY 2009-10 - Economic Forum December 1, 2008	\$ 2,782,404,527
<b>Restricted General Fund Revenue</b>	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,664,899
<b>General Fund Reversions</b>	\$ 53,500,000
<b>Restricted General Fund Transfers</b>	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Quarterly Slot Tax - Problem Gambling	\$ (1,664,899)
Disaster Relief Account	\$ -
<b>Total Estimated Revenues &amp; Reversions FY 2009-10</b>	<b>\$ 2,835,904,527</b>
<b>Unrestricted General Fund Revenue</b>	
Projected Revenues FY 2010-11 - Economic Forum December 1, 2008	\$ 2,874,157,271
<b>Restricted General Fund Revenue</b>	
Unclaimed Property - Millennium Scholarships	\$ 7,600,000
Quarterly Slot Tax - Problem Gambling	\$ 1,676,245
<b>General Fund Reversions</b>	\$ 58,000,000
<b>Restricted General Fund Transfers</b>	
Unclaimed Property - Millennium Scholarships	\$ (7,600,000)
Quarterly Slot Tax - Problem Gambling	\$ (1,676,245)
Disaster Relief Account	\$ -
<b>Total Estimated Revenues &amp; Reversions FY 2010-11</b>	<b>\$ 2,932,157,271</b>
<b>Estimated Unappropriated Balance July 1, 2011 Before Legislative Action <sup>(b.)</sup></b>	<b>\$ 6,353,732,915</b>
(b.) Does not include \$632,516 in the Stabilization Fund (Rainy Day Fund).	

**Statement of Projected Unappropriated  
General Fund Balance – Fiscal Years 2009-11 – Governor Recommends**

<b>Recommended General Fund Revenues / Appropriations Before the 75th Nevada Legislature</b>		
<b>New / Redirected General Fund Revenues - FY 2009-10</b>		
Additional 3% Lodging Tax - Clark and Washoe Counties	\$	142,000,000
Adjust Gross Gaming Revenue Fee to Include Markers	\$	31,000,000
Increase Sales and Use Tax Collection Allowance from 0.75% to 1.75%	\$	14,332,000
Redirect 4 Cents of Ad Valorem Tax in Counties with Population Greater Than 400,000	\$	39,396,104
Redirect State's 3/8 of 1% Lodging Tax to General Fund	\$	17,700,000
Deposit in General Fund a Portion of the Current Court Admin Assessment	\$	5,392,856
Redirect Secretary of State Expedite Fees to General Fund	\$	2,272,569
Reduced Repayment from Buildings & Grounds	\$	(42,225)
<b>Total New / Redirected General Fund Revenues - FY 2009-10</b>	<b>\$</b>	<b>252,051,304</b>
<b>New / Redirected General Fund Revenues - FY 2010-11</b>		
Additional 3% Lodging Tax - Clark and Washoe Counties	\$	150,000,000
Adjust Gross Gaming Revenue Fee to Include Markers	\$	-
Increase Sales and Use Tax Collection Allowance from 0.75% to 1.75%	\$	14,778,667
Redirect 4 Cents of Ad Valorem Tax in Counties with Population Greater Than 400,000	\$	39,704,044
Redirect State's 3/8 of 1% Lodging Tax to General Fund	\$	18,700,000
Deposit in General Fund a Portion of the Current Court Admin Assessment	\$	6,861,227
Redirect Secretary of State Expedite Fees to General Fund	\$	1,818,056
Reduced Repayment from Buildings & Grounds	\$	(42,225)
<b>Total New / Redirected General Fund Revenues - FY 2009-10</b>	<b>\$</b>	<b>231,819,769</b>
<b>Total New / Redirected General Fund Revenues Before 75th Nevada Legislature</b>	<b>\$</b>	<b>483,871,073</b>
2008-09 Supplemental Appropriations	\$	(381,608,945)
Estimated Cost of the 75th Nevada Legislature	\$	(15,000,000)
<b>2008-09 Recommended Appropriations</b>	<b>\$</b>	<b>(396,608,945)</b>
2009-10 Restoration of Fund Balances	\$	(16,150,000)
2009-10 Operating Appropriations	\$	(3,028,916,284)
2009-10 Utility Appropriation to IFC for State Agencies & NSHE	\$	(2,206,295)
2009-10 General Fund Payback on Line of Credit	\$	(23,066,271)
<b>2009-10 Recommended Appropriations</b>	<b>\$</b>	<b>(3,070,338,850)</b>
2010-11 Restoration of Fund Balances	\$	-
2010-11 Operating Appropriations	\$	(3,140,345,992)
2010-11 Utility Appropriation to IFC for State Agencies & NSHE	\$	(3,126,269)
2010-11 General Fund Payback on Line of Credit	\$	(22,998,937)
Estimated Cost of the 76th Nevada Legislature	\$	(15,000,000)
<b>2010-11 Recommended Appropriations</b>	<b>\$</b>	<b>(3,181,471,198)</b>
<b>2009-11 Recommended Appropriations</b>	<b>\$</b>	<b>(6,648,418,993)</b>
<b>Estimated Unappropriated Balance July 1, 2011 Before Legislative Action</b>	<b>\$</b>	<b>6,353,732,915</b>
<b>Total New / Redirected General Fund Revenues Before 75th Nevada Legislature</b>	<b>\$</b>	<b>483,871,073</b>
<b>Recommended Appropriations Before the 75th Nevada Legislature</b>	<b>\$</b>	<b>(6,648,418,993)</b>
<b>Estimated Unappropriated General Fund Balance June 30, 2011</b>	<b>\$</b>	<b>189,184,995</b>
<b>Minimum 5% Ending Fund Balance</b>	<b>\$</b>	<b>157,173,613</b>
<b>Amount Over / (Under) Minimum 5% Ending Fund Balance</b>	<b>\$</b>	<b>32,011,382</b>



## SECTION III TAX OVERVIEW

This section reviews the major tax policy changes approved by the Legislature each session since 2001. Summaries of tax policy changes dating back to 1979 are included in the Revenue Reference Manual available from the Fiscal Analysis Division.

### **2001 SESSION**

The 2001 Session convened with clouds across the economic horizon. Stock values had been dropping, most severely in the high-tech sector, and various economic measures indicated a national recession was a strong possibility. In addition, an energy shortage in California threatened to adversely affect the economies of western states.

The modest General Fund revenue increases forecasted by the Economic Forum were used to fully fund the Governor's budget proposals. No General Fund revenue increases were proposed, although the Legislature adopted two non-General Fund revenue enhancements included in The Executive Budget. The first, A.B. 134, increased fraud assessments on insurers. The bill produced about \$359,500 in additional revenue annually, of which \$263,000 was used to fully fund the Attorney General's Insurance Fraud Unit. The remaining additional revenue was used to replace a portion of General Fund support for insurance regulation. The second measure, A.B. 199, doubled the trout stamp fee to \$10. The additional revenue was used to repay \$3.5 billion in bonds to be issued to rehabilitate fish hatcheries.

The modest General Fund revenue forecast used in The Executive Budget ultimately proved too optimistic. The Economic Forum's May 1 revisions reduced projected General Fund revenues by \$87 million during the 2001-03 biennium. After receiving the reduced revenue numbers, the Legislature approved three General Fund revenue enhancements to replace approximately \$65 million of that "shortfall" over the biennium.

The bills providing revenue increases included A.B. 77 and S.B. 489, which shortened the period that certain property is considered unclaimed and remitted to the state. These bills were expected to produce an estimated one-time increase in revenues of approximately \$8.3 million in FY 2001-02. Senate Bill 577 was designed to provide an additional \$29 million during the biennium through increases in a variety of fees on business transactions handled through the Secretary of State's office. Finally, A.B. 460 was designed to increase the state's share of the car rental fees to a full six percent rate and provide for quarterly rather than annual payment of those fees, generating an additional \$27.5 million for the state General Fund during the 2001-03 biennium.

Because of concerns over the state's long-term revenue picture, the Legislature approved A.C.R. 1 during the 17<sup>th</sup> Special Session. This resolution created a Governor's Task Force on Tax Policy in Nevada to review state revenues during the interim. The 2001 Legislature and the 17<sup>th</sup> Special Session also approved a number of bills affecting local government finances, including several that contained recommendations from the Legislative

Committee Studying the Distribution of Revenue among Local Governments (S.B. 253 of the 1997 Legislative Session). One of those bills, S.B. 557, extended the authority of the committee through June 30, 2005, and renamed it the Legislative Committee for Local Government Taxes and Finance to better recognize the committee's areas of study.

In addition to the bills affecting state revenues and local government finances, the Legislature also approved numerous technical tax law changes and continued to revise tax exemptions in 2001.

### **2003 SESSION AND 20<sup>TH</sup> SPECIAL SESSION**

During the 2001-03 Interim, the Governor's Task Force on Tax Policy in Nevada (Task Force), created by the 17<sup>th</sup> Special Session, conducted a study of the state's revenue and expenditure structure. The Task Force was created principally to examine the state's long-term revenue needs with regard to the potential for the state's revenue growth to not keep pace with the growth in population and inflation. The Task Force's proposed solution to the state's revenue structure was brought forward for the Legislature's consideration in A.B. 281 during the 2003 Regular Session.

Using the Task Force's recommendations as a template, The Executive Budget for the 2003-05 biennium proposed tax increases and other revenue changes to support the Governor's recommended budget for the 2003-05 biennium and future biennia. Included in the proposal were increases in the cigarette, liquor and business license taxes and Secretary of State and restricted slot fees. These new revenues were recommended to take effect April 1, 2003, to help balance the FY 2002-03 budget and to partially replenish the state's stabilization fund.

Continuation of the tax and fee increases recommended for FY 2002-03, proposals to adopt an annual business license fee and a transactions tax on non-participatory amusement activities, and several minor revenue changes were designed to support the FY 2003-04 budget recommended in The Executive Budget. To finance the recommended FY 2004-05 spending amount, revenues were to be further supplemented with a statewide property tax of 15 cents per \$100 of assessed valuation.

The Governor's budget also requested the 2003 Legislature to approve a gross receipts tax on businesses and increase the top gaming tax rate, combined with a reduction in the business license tax, to support the budget beginning with the 2005-07 biennium and beyond. The enactment of a gross receipts tax was a key component of the revenue recommendations made by the Governor's Task Force on Tax Policy in Nevada.

In May 2003, the Economic Forum forecasted modest increases of 4.5 and 5.0 percent in General Fund revenues for FY 2003-04 and FY 2004-05, respectively, from a FY 2002-03 base that was considerably reduced from the Forum's May 2001 projections. With these revised forecasts, overall revenue growth would remain far below the combined effects of population growth and inflation since FY 2000-01. The Executive Budget proposal and various alternative revenue enhancement plans to support the Governor's budgetary recommendations proved to be the most debated and controversial issues for the

Legislature, not only during the 72<sup>nd</sup> Regular Session, but through the 19<sup>th</sup> and 20<sup>th</sup> Special Sessions, as well.

The revenue package to support the General Fund appropriations was ultimately adopted at the conclusion of the 20<sup>th</sup> Special Session of the Nevada Legislature, which ended on July 22, 2003. The three bills approved to raise revenue, A.B. 4, S.B. 2, and S.B. 8, included several of the elements contained in the revenue proposal submitted in January 2003 by the Governor. Nevertheless, the final funding plan also differed from the Governor's revenue proposal in many important details.

One of the Governor's proposals that was not approved by the Legislature was bridge revenues to help balance the FY 2002-03 budget. Instead, the Legislature approved the transfer of \$135 million from the Rainy Day Fund, which represented almost the entire balance of the fund and \$85 million more than was recommended by the Governor. The increases in cigarette and liquor taxes and restricted slot fees recommended by the Governor to take effect in April 2003 were included in S.B. 8, but their effective dates were delayed by more than three months because the bill was not approved until July 22, 2003.

Senate Bill 8, which encompassed more than 90 percent of the revenue package, includes the annual business license fee and a live entertainment tax. The Governor's proposals for a state property tax and a gross receipts tax were not adopted. In their place, the revenue needs for the 2003-05 biennium and future biennia were met with a combination of a real property transfer tax, a modified business tax and a larger gaming tax increase than was proposed by the Governor. The enactment of a modified business tax, in the form of a payroll tax with a special higher rate on financial institutions and a deduction for costs of providing health insurance coverage for employees, also resulted in the repeal of the state business license tax.

The remaining two bills, A.B. 4 and S.B. 2, provided additional revenue over the 2003-05 biennium through reductions in tax payment and collection allowances for liquor, cigarette, other tobacco and sales taxes, and higher fees on commercial recordings and securities collected through the Secretary of State's office.

## **2005 SESSION**

Two major issues dominated the tax policy agenda during the 2005 Session: providing property tax relief and making changes to the tax plan approved during the 2003 Session.

Reports of potential significant increases in assessed value for property owners spurred the Legislature to provide immediate property tax relief in the form of partial abatements of property tax bills. Assembly Bill 489 and Senate Bill 509 were the two bills approved during the 2005 Session that provided property tax relief to both residential and non-residential property owners in the state. Together, the bills established the provisions for providing partial abatements of property taxes, provided for mechanisms to distribute property tax revenue to government entities after the abatements, and addressed other additional technical matters related to property tax abatements.

Subsection 10 of Section 1 of Article 10 of the Nevada Constitution authorizes the Legislature to provide by law for an abatement, or an exemption, of the tax upon part of the assessed value of a single-family residence occupied by the owner to the extent necessary to avoid a severe economic hardship to the owner of the residence. Subsection 8 of Section 1 of Article 10 of the Nevada Constitution provides that the Legislature may exempt from taxation property used for certain charitable purposes.

Under the provisions of Subsection 10 of Section 1 of Article 10 of the Nevada Constitution, the Legislature declared that an increase of more than three percent in the property tax bill of a single-family owner-occupied residence constitutes a severe economic hardship. Assembly Bill 489 established a partial abatement such that property taxes cannot increase by more than three percent from the previous year's tax levy for a single-family residence that is the primary residence of the owner.

Under the provisions of Subsection 8 of Section 1 of Article 10 of the Nevada Constitution, the Legislature declared that a charitable exemption should be provided to owners of residential rental dwellings that qualify as low-income housing under the standards established by the U.S. Department of Housing and Urban Development. To qualify for this partial abatement, the amount of rent collected from each tenant of the residential rental dwelling cannot exceed the fair market rent for the county in which the dwelling is located, as published by the U.S. Department of Housing and Urban Development. The charitable exemption is provided in the form of a partial abatement of property taxes and provides for the same three-percent cap on the increase in taxes afforded to owners of single-family residences. The partial abatement provided to qualifying residential rental dwellings does not apply to hotels, motels, or other forms of transient lodging.

A separate partial abatement from property taxes was provided for all other property that does not qualify as a single-family owner-occupied primary residence or meet the requirements established for low-income rental dwelling units. The maximum percentage increase in property taxes allowed in each county is determined by a two-part formula. The first part of the formula is the lesser of the average percentage change in the assessed value of all taxable property in the county over the fiscal year in which the levy is made and the nine immediately-preceding fiscal years as determined by the Department of Taxation, or eight percent.

The second part is determined by establishing twice the percent change in the Consumer Price Index (U.S. city average, all items, all urban consumers) for the prior calendar year. The partial abatement provided in the form of a limit on the increase in property taxes from the prior year is the greater of the percentages calculated in the first and second parts of the formula.

The partial abatements are not available to property value in its first year of existence on the tax roll, such as new improvements or enhancements to existing improvements. The partial abatements also do not apply to land for which the authorized use of the property was changed.



The 2005 Legislature also approved several technical and policy changes to the tax plan approved by the 2003 Legislature. Many of these changes were recommended by the Interim Legislative Committee on Taxation, Public Revenue and Tax Policy, which was created by Senate Bill 8 of the 20th Special Session to review and study the tax changes approved during the 20th Special Session. Additional proposals were discussed and considered by the Senate Taxation and Assembly Commerce and Labor Committees regarding changes to various taxes, principally the business license fee (BLF), modified business tax on general business and financial institutions (MBT), and the live entertainment tax (LET). Assembly Bill 554, Senate Bill 3 (22nd Special Session), Senate Bill 391, and Senate Bill 523 were the four major bills that implemented the legislatively-approved changes to the BLF, MBT, and LET.

### **2007 SESSION AND 23<sup>RD</sup>, 24<sup>TH</sup>, AND 25<sup>TH</sup> SPECIAL SESSIONS**

With regard to tax policy, much of the focus of the 2007 Session was on decreasing rather than increasing taxes, fueled in part by robust growth forecast by the Economic Forum at its November 30, 2006, meeting. A significant number of the bills that were referred to the Assembly and Senate Committees on Taxation proposed tax reductions or exemptions, such as exemptions from state and local sales taxes for mobility-enhancing and ocular devices, as well as deductions or credits against the modified business tax for child-care expenses, donations made to public schools, and employer-assisted housing project costs. Legislation was also proposed in both houses to equalize the modified business tax rate for financial institutions with the rate imposed on other businesses and eliminate the per-branch excise tax on banks that was enacted during the 2003 Session.

An additional consideration that factored into discussions of tax policy during the 2007 Session was Governor Gibbons' adherence to his pledge to not increase taxes unless the tax increase had been approved by voters. In upholding this pledge, the Governor allowed passage of legislation authorizing a sales and use tax for public safety that had been approved by voters in Nye County, but also vetoed legislation authorizing the imposition of a new ad valorem property tax rate in other counties for juvenile justice facilities.

Faced with signs of an economic slowdown, the Economic Forum made downward revisions to its General Fund revenue forecasts at its May 1, 2007, meeting; however, it soon became evident that these downward revisions were still too optimistic, given the deterioration of the economy. Faced with the prospect of a budget deficit of hundreds of millions of dollars, the Governor called an emergency meeting of the Economic Forum on June 20, 2008, as well as two Special Sessions of the Legislature, to deal with the looming budget crisis.

Senate Bill 2 of the 25<sup>th</sup> Special Session, which was approved by the Legislature and signed by the Governor in December 2008, enhanced General Fund revenue by requiring advance payment of the tax on the net proceeds of minerals based upon the estimated net proceeds for the current calendar year, beginning in FY 2008-09. The bill also reduced the collection allowances provided to taxpayers for timely payment of the sales and use tax, cigarette tax, liquor tax, and other tobacco tax between January 1, 2009, and

June 30, 2009, and required one percent of the four percent vehicle recovery surcharge collected by car rental companies in the state to be remitted to the General Fund between January 1, 2009, and June 30, 2009.

The following tables summarize the legislative changes relating to tax policy that were approved during the 2007 Regular Session and the 23<sup>rd</sup> Special Session, as well as the revenue enhancements that were approved as a part of Senate Bill 2 of the 25<sup>th</sup> Special Session.

SUMMARY OF THE ESTIMATED IMPACT ON GENERAL FUND REVENUES FOR FY 2007-08 AND FY 2008-09 FROM LEGISLATIVE CHANGES APPROVED DURING THE 2007 REGULAR SESSION AND 23 <sup>RD</sup> SPECIAL SESSION					
Bill	Tax	Description	Estimated Impact		
			FY 2007-08	FY 2008-09	Biennium
A.B. 621	State Share Sales Tax Commissions	Revises the eligibility criteria for sales and use tax abatements provided for “green” buildings.	-\$1,035,000	-\$833,000	-\$1,868,000
A.B. 628	Modified Business Tax – Non-Financial Institutions	Removes the sunset of S.B. 523 of the 2005 Session, reducing the Modified Business Tax-Non-Financial Institutions tax rate from 0.65% to 0.63%, effective July 1, 2007.	-\$8,771,000	-\$9,447,000	-\$18,218,000
A.B. 487	Live Entertainment Tax	Provides an exemption for professional minor league baseball games held in the state.	-\$104,752	-\$104,752	-\$209,504
S.B. 357	Quarterly Restricted Slot Fee	Removes the sunset of S.B. 357 of the 2005 Session, continuing the allocation of \$2 per slot machine per quarter from the quarterly licenses imposed on restricted and non-restricted slot machines.	-\$174,704	-\$179,581	-\$354,285
S.B. 357	Quarterly Non-Restricted Slot Fee		-\$1,477,176	-\$1,529,276	-\$3,006,452
TOTAL IMPACT FROM 2007 LEGISLATIVE CHANGES			-\$11,562,632	-\$12,093,609	-\$23,656,241

**SUMMARY OF THE ESTIMATED IMPACT ON GENERAL FUND REVENUES FOR FY 2008-09, FY 2009-10  
AND FY 2010-11 FROM LEGISLATIVE CHANGES APPROVED PURSUANT TO  
SENATE BILL 2 OF THE 25<sup>TH</sup> SPECIAL SESSION**

Bill	Tax	Description	Estimated Impact		
			FY 2008-09	FY 2009-10	FY 2010-11
S.B. 2 (25 <sup>th</sup> S.S.)	Net Proceeds of Minerals	Requires advance payment of estimated taxes due for current calendar year in addition to payment of actual taxes due for prior calendar year.	\$28,000,000	-\$1,500,000	\$0
S.B. 2 (25 <sup>th</sup> S.S.)	Sales and Use Tax – State 2% Portion	Reduces the collection allowance provided to taxpayers for timely payment of taxes due from 0.5 percent to 0.25 percent, between January 1, 2009, and June 30, 2009.	\$1,087,145	\$0	\$0
S.B. 2 (25 <sup>th</sup> S.S.)	Sales and Use Tax – Local Taxes (LSST, BCCRT, SCCRT, Other Local Option Taxes)	Reduces the collection allowance provided to taxpayers for timely payment of taxes due from 0.5 percent to 0.25 percent, between January 1, 2009, and June 30, 2009.	\$21,995	\$0	\$0
S.B. 2 (25 <sup>th</sup> S.S.)	Cigarette Tax	Reduces the collection allowance provided to taxpayers for timely payment of taxes due from 0.5 percent to 0.25 percent, between January 1, 2009, and June 30, 2009.	\$125,955	\$0	\$0
S.B. 2 (25 <sup>th</sup> S.S.)	Liquor Tax	Reduces the collection allowance provided to taxpayers for timely payment of taxes due from 0.5 percent to 0.25 percent, between January 1, 2009, and June 30, 2009.	\$50,412	\$0	\$0
S.B. 2 (25 <sup>th</sup> S.S.)	Other Tobacco Tax	Reduces the collection allowance provided to taxpayers for timely payment of taxes due from 0.5 percent to 0.25 percent, between January 1, 2009, and June 30, 2009.	\$11,209	\$0	\$0
S.B. 2 (25 <sup>th</sup> S.S.)	Short-Term Car Rental Fee	Requires car rental companies to remit 1 percent of the 4 percent vehicle recovery surcharge to the Department of Taxation, for credit to the state General Fund, between January 1, 2009, and June 30, 2009.	\$1,779,910	\$0	\$0
<b>TOTAL IMPACT FROM S.B. 2 LEGISLATIVE CHANGES</b>			<b>\$31,076,626</b>	<b>-\$1,500,000</b>	<b>\$0</b>

## **TAX PROPOSALS FOR THE 2009 SESSION**

The Governor has included a number of revenue enhancements necessary to finance amounts recommended in The 2009-11 Executive Budget. These revenue enhancements include:

- Transfer the 3/8 of 1 percent portion of the state mandatory room tax rate currently provided to the Nevada Commission on Tourism and deposit the room tax revenue in the state General Fund. The Executive Budget includes an estimate of \$17,700,000 in FY 2009-10 and \$18,700,000 in FY 2010-11 from the statewide 3/8 of 1 percent room tax rate. The Commission on Tourism budget is recommended to be supported by General Fund appropriations.
- Implement the advisory question approved by voters in Clark County and Washoe County at the 2008 General Election to impose an additional room tax of up to 3 percent, such that the total rate cannot exceed 13 percent in the county or city in which a room tax is imposed. The Governor's Executive Budget includes an estimate of \$142,000,000 in FY 2009-10 and \$150,000,000 in FY 2010-11 for the proposed increase of up to 3 percent, but not to exceed 13 percent, in the room tax rate in Clark County and Washoe County.
- Redirect a portion equal to 4 cents of the property tax rate in Clark County and Washoe County to the state General Fund, which is estimated to generate \$39,396,104 in FY 2009-10 and \$39,704,044 in FY 2010-11.
- Increase the commission retained by the state for collecting and distributing the sales and use tax collections generated by the Basic-City County Relief Tax, Supplemental City-County Relief Tax, and other local option tax rates authorized in statute or by special act by 1.0 percent, from 0.75 percent to 1.75 percent, effective July 1, 2009. The Executive Budget estimates additional General Fund revenues totaling \$14,332,000 in FY 2009-10 and \$14,778,667 in FY 2010-11. The proposed increase in the General Fund commission does not apply to the Local School Support Tax.
- Tax gaming markers on the value of the marker issued versus the amount of the marker collected under current statute. This proposal is estimated to generate a one-time acceleration in General Fund revenue in FY 2009-10 of \$31,000,000. No additional General Fund revenue is anticipated from this recommendation in FY 2010-11.
- Transfer 100 percent of the fees charged by the Secretary of State to provide expedited services to the state General Fund which is estimated to generate \$2.3 million in FY 2009-10 and \$1.8 million in FY 2010-11. To offset the loss of revenue, the Secretary of State would receive increased support from the state General Fund.
- Transfer to the state General Fund a portion of Court Administrative Assessments collected pursuant to NRS 176.059 that are allocated to Executive Branch agencies. This recommendation is estimated to generate General Fund revenues of \$5.4 million in FY 2009-10 and \$6.9 million in FY 2010-11.

## SECTION IV

### GENERAL FUND APPROPRIATIONS AND TOTAL BUDGET

On January 15, 2009, Governor Jim Gibbons transmitted The 2009-11 Executive Budget to the Seventy-Fifth Nevada Legislature. The budget includes recommendations for a capital improvement program and supplemental appropriations, as well as operating appropriations and authorizations for fiscal years 2009-10 and 2010-11.

#### **EXPENDITURE CAP**

The 1979 Legislature established the state's current expenditure limitation (NRS 353.213), which applies to all General Fund appropriations recommended by the Governor, except appropriations recommended for construction. The base period is the 1975-77 biennium (fiscal years 1975-76 and 1976-77), and the base amount is increased by the growth in population and the rate of inflation each biennium. The limitation can be exceeded to the extent necessary to meet situations involving a threat to life or property.

Historically, the expenditure limitation has been higher than the amount of General Fund appropriations recommended in The Executive Budget and therefore has not been a factor in the budgeting process. However, the difference between the expenditure limitation and General Fund appropriations recommended in The Executive Budget has been narrowing, and the recommended General Fund appropriations in The Executive Budget submitted to the 2005 Legislature were slightly under the expenditure limitation.

The current expenditure limitation and the General Fund appropriations recommended by the Governor for each biennium under review by the 2009 Legislature are outlined below:

	<u>2007-09 Biennium</u>	<u>2009-11 Biennium</u>
Expenditure Limitation	\$7,043,611,769	\$7,950,554,087
General Fund Appropriations		
2007 Legislature Approves*	\$6,811,873,499	
24 <sup>th</sup> Special Session	(47,995,714)	
2009 Governor Recommends*	<u>396,608,945</u>	<u>\$6,270,176,439</u>
Total Appropriations	\$7,160,486,730	\$6,270,176,439
Over/(Under) Expenditure Limitation	\$ 116,874,961	(\$1,680,377,648)

\* Excludes appropriations approved for construction, deferred maintenance and/or pre-funding of retiree health insurance.

As noted above, the expenditure limitation for the 2007-09 biennium is estimated to be exceeded by approximately \$116.9 million, based on the recommended supplemental appropriations and the estimated cost of the 2009 Legislative Session. This should not be viewed as an expenditure issue, but rather an appropriation issue. Significant General Fund appropriations for both fiscal years 2007-08 and 2008-09 have been reserved for reversion due to revenue declines. Therefore, instead of reverting funds that are currently held in reserve at the close of the fiscal year, the amounts appropriated by the 2007 Legislature for fiscal years 2008-09 could be reduced, which would bring appropriations within the expenditure cap.

## **2009-11 EXECUTIVE BUDGET**

The Governor's recommended budget includes approximately \$6.175 billion in General Fund operating appropriations for the 2009-11 biennium; approximately \$329.3 million for the Distributive School Account and \$52.3 million to state agencies in supplemental appropriations; approximately \$16.2 million to restore certain fund balances; approximately \$23 million in fiscal year 2009-10 and 2010-11 for the repayment of funds anticipated to be borrowed temporarily from the State Treasurer; and \$15 million for the cost of the 2009 Legislature, bringing the total recommended General Fund appropriations to nearly \$6.633 billion. Recommended ongoing (operating) appropriations decrease from \$6.802 billion approved by the 2007 Legislature for the 2007-09 biennium to \$6.175 billion, a decrease of 9.2 percent. During the current biennium, due to General Fund revenue collections not meeting projected levels, several rounds of budget reductions were necessary which included two Special Sessions of the Legislature in June and December 2008, to implement reductions to agency budgets, reduce appropriations approved by the 2007 Legislature, transfer funds from the Rainy Day Fund, and sweep selected non-General Fund reserve balances.

There are a number of budget reduction recommendations made by the Governor that impact employee compensation and benefits in the majority of budget accounts in The 2009-11 Executive Budget. Each of these global budget reduction recommendations is identified as a separate enhancement and will not generally be discussed in the narrative explanation of individual agency budgets included in Section V of this report. Therefore, an explanation of these items is included here.

- Temporary Six-Percent Salary Reduction – The Governor is recommending a six-percent reduction in compensation for all employee groups (state, university and school districts), which would roll back the cost-of-living increases approved by the 2007 Legislature of two percent effective July 1, 2007, and four percent on July 1, 2008. (Please note that school district salaries are collectively bargained and therefore salary adjustments may be different than the funding allocated for this purpose by the Legislature.)
- Suspend Merit Salary Increases for Fiscal Years 2009-10 and 2010-11 – The Governor is recommending that merit salary increases for all employee groups

(state, university and school districts) be suspended during each year of the 2009-11 biennium.

- Suspend Longevity Payments for Fiscal Years 2009-10 and 2010-11 – The Governor is recommending that longevity payments for state employees be suspended during each year of the 2009-11 biennium. Longevity payments are designed to encourage long-term state service and provide \$150 per year for employees with eight years of state service, up to a maximum of \$2,350 per year based on 30 years of state service.
- Implement SAGE Commission Recommendations – The Governor is recommending the implementation of the Spending and Government Efficiency (SAGE) Commission recommendations regarding the Active Employees' Group Insurance subsidy and the Retired Employees' Group Insurance subsidy. Implementation of similar recommendations is also included within the Distributive School Account. These recommendations include:
  - Reduction of the health insurance subsidy for active employees from 90 percent to 75 percent of the total rate, with the resulting contribution for state employees decreasing from \$626.16 per month in FY 2009 to \$549.00 per month in FY 2009-10 and \$596.75 in FY 2010-11.
  - Elimination of retiree subsidies for all state employees retiring after July 1, 2009, and all current Medicare retirees beginning July 1, 2009. In addition, a reduction in retiree subsidies is recommended for existing non-Medicare retirees by 25 percent on July 1, 2009, and an additional 25 percent reduction on July 1, 2010. The Executive Budget also recommends eliminating retiree subsidies for employees with less than 15 years of service.

The General Fund reductions recommended in fiscal years 2009-10 and 2010-11 due to The Executive Budget recommendations outlined above are included in the table below:

<u>Compensation/Benefit Reduction</u>	<u>General Fund Reductions</u>	
	<u>FY 2009-10</u>	<u>FY 2010-11</u>
Six Percent Salary Reduction	\$215,780,902	\$219,493,432
Suspend Merit Increases	67,032,609	139,484,548
Suspend Longevity Payments	3,254,522	3,681,695
SAGE Recommendations	<u>73,869,055</u>	<u>84,629,733</u>
Total	\$359,937,088	\$447,289,408

After adjusting for interagency transfers, appropriations and authorizations for the 2009-11 biennium from all revenue sources total \$15.458 billion, which compares to the \$15.932 billion approved by the 2007 Legislature. This represents a decrease of 3.0 percent in total funding recommended for the 2009-11 biennium compared to the 2007-09 biennium.

The schedules that follow contain all of the appropriations recommended by the Governor for the 2009-11 biennium. Also included is a “pie chart” that illustrates the proposed distribution of General Fund appropriations among the various governmental functions.

Following are summaries and schedules that reflect the proposed spending in the Governor’s budget. Included is a “Source of Funds Summary”, which compares the proposed operating appropriations and authorizations to those in the current biennium by funding source; a list of proposed supplemental appropriations for the current year; the amounts recommended to restore certain fund balances; and information on the Governor’s proposed capital improvement program.



**Nevada Legislative Counsel Bureau  
Source of Funds Summary  
2009-11 Fiscal Report**

	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>ELECTED OFFICIALS</b>						
GENERAL FUND	34,857,268	38,406,397	34,923,340	-9.07	35,308,788	1.10
BALANCE FORWARD	-37,993,374	187,178,847	214,275,552	14.48	225,211,515	5.10
FEDERAL FUND	3,257,327	4,418,046	3,924,378	-11.17	3,414,672	-12.99
INTER-AGENCY TRANSFER	73,535,812	100,435,214	60,689,327	-39.57	60,928,727	.39
INTERIM FINANCE	55,655	288,780				
OTHER FUND	276,306,916	289,964,241	274,786,740	-5.23	285,866,034	4.03
REVERSIONS	-4,176,990					
<b>TOTAL FOR ELECTED OFFICIALS</b>	<b>345,842,614</b>	<b>620,691,525</b>	<b>588,599,337</b>	<b>-5.17</b>	<b>610,729,736</b>	<b>3.76</b>
Less: INTER-AGENCY TRANSFER	73,535,812	100,435,214	60,689,327	-39.57	60,928,727	.39
<b>NET ELECTED OFFICIALS</b>	<b>272,306,802</b>	<b>520,256,311</b>	<b>527,910,010</b>	<b>1.47</b>	<b>549,801,009</b>	<b>4.15</b>
<b>LEGISLATIVE - JUDICIAL</b>						
GENERAL FUND	58,257,595	64,025,721	58,052,488	-9.33	58,017,254	-.06
BALANCE FORWARD	-1,531,740	6,559,736	5,331,922	-18.72	4,726,444	-11.36
FEDERAL FUND	345,462	432,059	412,426	-4.54	412,426	
HIGHWAY FUND	132,634	264,910	5,000	-98.11	5,000	
INTER-AGENCY TRANSFER	3,382,223	4,145,006	4,060,269	-2.04	4,083,117	.56
INTERIM FINANCE	153,368	619,764				
OTHER FUND	21,645,925	21,635,832	22,884,450	5.77	24,102,977	5.32
REVERSIONS	-3,262,860					
<b>TOTAL FOR LEGISLATIVE - JUDICIAL</b>	<b>79,122,607</b>	<b>97,683,028</b>	<b>90,746,555</b>	<b>-7.10</b>	<b>91,347,218</b>	<b>.66</b>
Less: INTER-AGENCY TRANSFER	3,382,223	4,145,006	4,060,269	-2.04	4,083,117	.56
<b>NET LEGISLATIVE - JUDICIAL</b>	<b>75,740,384</b>	<b>93,538,022</b>	<b>86,686,286</b>	<b>-7.33</b>	<b>87,264,101</b>	<b>.67</b>
<b>FINANCE &amp; ADMINISTRATION</b>						
GENERAL FUND	52,600,758	71,984,126	38,040,503	-47.15	34,151,453	-10.22
BALANCE FORWARD	5,318,222	43,582,023	26,320,094	-39.61	25,133,301	-4.51
FEDERAL FUND	3,623,977	3,271,303	3,377,217	3.24	3,377,217	
HIGHWAY FUND	1,675,186	5,225,230				
INTER-AGENCY TRANSFER	93,488,022	100,246,607	94,214,636	-6.02	94,432,966	.23
OTHER FUND	29,797,048	28,838,842	33,333,501	15.59	35,645,796	6.94
REVERSIONS	-9,930,151					
<b>TOTAL FOR FINANCE &amp; ADMINISTRATION</b>	<b>176,573,062</b>	<b>253,148,131</b>	<b>195,285,951</b>	<b>-22.86</b>	<b>192,740,733</b>	<b>-1.30</b>
Less: INTER-AGENCY TRANSFER	93,488,022	100,246,607	94,214,636	-6.02	94,432,966	.23
<b>NET FINANCE &amp; ADMINISTRATION</b>	<b>83,085,040</b>	<b>152,901,524</b>	<b>101,071,315</b>	<b>-33.90</b>	<b>98,307,767</b>	<b>-2.73</b>
<b>EDUCATION</b>						
GENERAL FUND	1,876,913,757	1,776,360,001	1,580,981,563	-11.00	1,573,106,879	-.50
BALANCE FORWARD	-980,100	38,844,531	2,588,682	-93.34	1,422,991	-45.03
FEDERAL FUND	312,712,342	312,042,096	318,817,910	2.17	318,927,494	.03
INTER-AGENCY TRANSFER	27,437,006	52,176,368	20,593,501	-60.53	20,483,158	-.54
OTHER FUND	338,741,922	372,856,670	346,500,568	-7.07	364,868,427	5.30
REVERSIONS	-66,406,772					
<b>TOTAL FOR EDUCATION</b>	<b>2,488,418,155</b>	<b>2,552,279,666</b>	<b>2,269,482,224</b>	<b>-11.08</b>	<b>2,278,808,949</b>	<b>.41</b>
Less: INTER-AGENCY TRANSFER	27,437,006	52,176,368	20,593,501	-60.53	20,483,158	-.54
<b>NET EDUCATION</b>	<b>2,460,981,149</b>	<b>2,500,103,298</b>	<b>2,248,888,723</b>	<b>-10.05</b>	<b>2,258,325,791</b>	<b>.42</b>

**Nevada Legislative Counsel Bureau  
Source of Funds Summary  
2009-11 Fiscal Report**

	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>COMMERCE &amp; INDUSTRY</b>						
GENERAL FUND	51,942,595	53,231,104	48,297,355	-9.27	48,369,633	.15
BALANCE FORWARD	2,708,699	64,968,938	57,306,533	-11.79	54,584,223	-4.75
FEDERAL FUND	9,362,297	13,384,232	11,135,448	-16.80	11,141,227	.05
HIGHWAY FUND	2,482,036	2,540,949	2,300,957	-9.44	2,313,763	.56
INTER-AGENCY TRANSFER	19,664,152	25,045,271	18,031,538	-28.00	18,079,321	.26
INTERIM FINANCE	15,934					
OTHER FUND	123,334,410	137,551,251	106,880,473	-22.30	107,844,404	.90
REVERSIONS	-10,069,395	31,550				
<b>TOTAL FOR COMMERCE &amp; INDUSTRY</b>	<b>199,440,728</b>	<b>296,753,295</b>	<b>243,952,304</b>	<b>-17.79</b>	<b>242,332,571</b>	<b>- .66</b>
Less: INTER-AGENCY TRANSFER	19,664,152	25,045,271	18,031,538	-28.00	18,079,321	.26
<b>NET COMMERCE &amp; INDUSTRY</b>	<b>179,776,576</b>	<b>271,708,024</b>	<b>225,920,766</b>	<b>-16.85</b>	<b>224,253,250</b>	<b>-.74</b>
<b>HUMAN SERVICES</b>						
GENERAL FUND	919,005,786	1,008,002,960	944,818,876	-6.27	1,063,535,663	12.57
BALANCE FORWARD	48,818,127	82,633,321	57,912,315	-29.92	54,170,296	-6.46
FEDERAL FUND	1,131,680,973	1,147,283,147	1,307,896,152	14.00	1,304,935,199	-.23
INTER-AGENCY TRANSFER	273,976,887	294,987,296	304,387,995	3.19	304,662,404	.09
INTERIM FINANCE	996,694					
OTHER FUND	258,070,024	265,873,451	265,978,256	.04	269,663,750	1.39
REVERSIONS	-45,423,900					
<b>TOTAL FOR HUMAN SERVICES</b>	<b>2,587,124,591</b>	<b>2,798,780,175</b>	<b>2,880,993,594</b>	<b>2.94</b>	<b>2,996,967,312</b>	<b>4.03</b>
Less: INTER-AGENCY TRANSFER	273,976,887	294,987,296	304,387,995	3.19	304,662,404	.09
<b>NET HUMAN SERVICES</b>	<b>2,313,147,704</b>	<b>2,503,792,879</b>	<b>2,576,605,599</b>	<b>2.91</b>	<b>2,692,304,908</b>	<b>4.49</b>
<b>PUBLIC SAFETY</b>						
GENERAL FUND	318,480,849	346,408,070	292,219,308	-15.64	296,521,839	1.47
BALANCE FORWARD	1,306,779	25,520,925	15,405,975	-39.63	16,998,881	10.34
FEDERAL FUND	33,150,912	119,923,095	56,303,554	-53.05	48,867,838	-13.21
HIGHWAY FUND	115,759,128	125,291,672	141,078,723	12.60	139,871,921	-.86
INTER-AGENCY TRANSFER	41,062,210	65,621,269	22,839,128	-65.20	22,990,428	.66
INTERIM FINANCE	1,739,787	654,630				
OTHER FUND	125,673,376	141,951,544	116,122,130	-18.20	117,041,174	.79
REVERSIONS	-30,158,959					
<b>TOTAL FOR PUBLIC SAFETY</b>	<b>607,014,082</b>	<b>825,371,205</b>	<b>643,968,818</b>	<b>-21.98</b>	<b>642,292,081</b>	<b>-.26</b>
Less: INTER-AGENCY TRANSFER	41,062,210	65,621,269	22,839,128	-65.20	22,990,428	.66
<b>NET PUBLIC SAFETY</b>	<b>565,951,872</b>	<b>759,749,936</b>	<b>621,129,690</b>	<b>-18.25</b>	<b>619,301,653</b>	<b>-.29</b>
<b>INFRASTRUCTURE</b>						
GENERAL FUND	35,952,414	33,537,044	28,010,683	-16.48	28,192,717	.65
BALANCE FORWARD	-26,934,186	218,579,785	46,002,940	-78.95	37,055,871	-19.45
FEDERAL FUND	266,020,466	280,300,188	268,537,309	-4.20	268,082,427	-.17
HIGHWAY FUND	309,997,938	306,518,186	349,600,214	14.06	330,528,708	-5.46
INTER-AGENCY TRANSFER	20,846,104	33,223,671	20,584,004	-38.04	20,561,011	-.11
INTERIM FINANCE	7,508,275	169,310				
OTHER FUND	380,638,574	365,103,262	286,420,906	-21.55	299,206,780	4.46
REVERSIONS	-34,535,069					
<b>TOTAL FOR INFRASTRUCTURE</b>	<b>959,494,516</b>	<b>1,237,431,446</b>	<b>999,156,056</b>	<b>-19.26</b>	<b>983,627,514</b>	<b>-1.55</b>
Less: INTER-AGENCY TRANSFER	20,846,104	33,223,671	20,584,004	-38.04	20,561,011	-.11
<b>NET INFRASTRUCTURE</b>	<b>938,648,412</b>	<b>1,204,207,775</b>	<b>978,572,052</b>	<b>-18.74</b>	<b>963,066,503</b>	<b>-1.58</b>

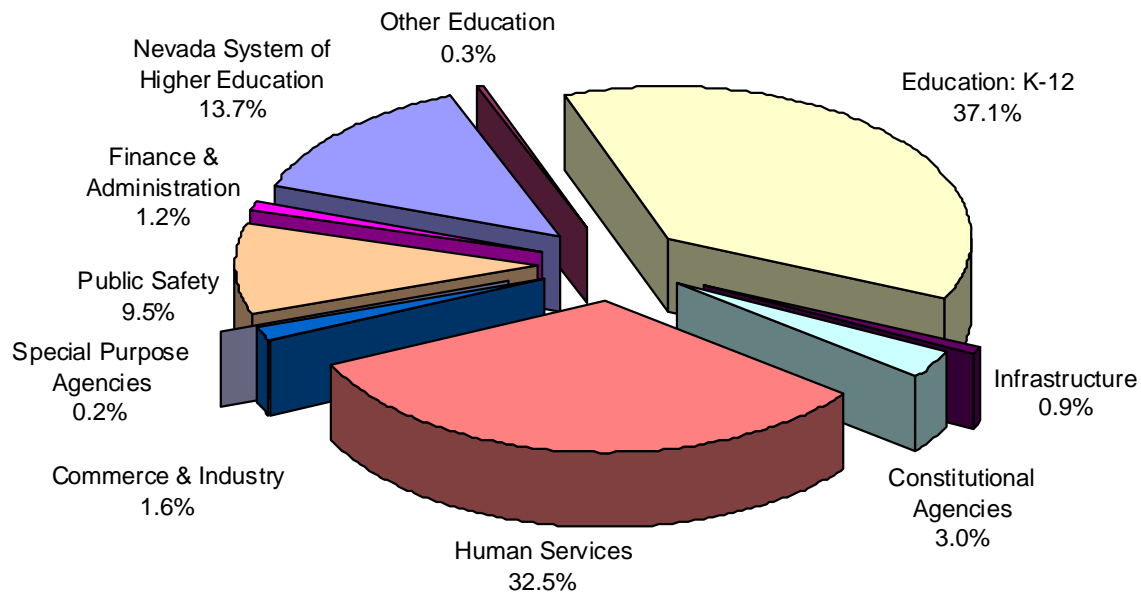
**Nevada Legislative Counsel Bureau  
Source of Funds Summary  
2009-11 Fiscal Report**

	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>SPECIAL PURPOSE AGENCIES</b>						
GENERAL FUND	6,480,206	7,679,060	5,778,463	-24.75	6,268,035	8.47
BALANCE FORWARD	11,717,840	94,855,556	72,719,279	-23.34	73,295,015	.79
FEDERAL FUND	14,028,064	21,068,601	17,886,632	-15.10	18,007,083	.67
INTER-AGENCY TRANSFER	424,942,842	506,304,524	385,811,240	-23.80	412,161,600	6.83
INTERIM FINANCE	20,000	31,000				
OTHER FUND	94,691,741	105,231,661	190,540,884	81.07	214,025,201	12.33
REVERSIONS	-857,263					
<b>TOTAL FOR SPECIAL PURPOSE AGENCIES</b>	<b>551,023,430</b>	<b>735,170,402</b>	<b>672,736,498</b>	<b>-8.49</b>	<b>723,756,934</b>	<b>7.58</b>
Less: INTER-AGENCY TRANSFER	424,942,842	506,304,524	385,811,240	-23.80	412,161,600	6.83
<b>NET SPECIAL PURPOSE AGENCIES</b>	<b>126,080,588</b>	<b>228,865,878</b>	<b>286,925,258</b>	<b>25.37</b>	<b>311,595,334</b>	<b>8.60</b>
<b>STATEWIDE</b>						
GENERAL FUND	3,354,491,228	3,399,634,483	3,031,122,579	-10.84	3,143,472,261	3.71
BALANCE FORWARD	2,430,267	762,723,662	497,863,292	-34.73	492,598,537	-1.06
FEDERAL FUND	1,774,181,820	1,902,122,767	1,988,291,026	4.53	1,977,165,583	-.56
HIGHWAY FUND	430,046,922	439,840,947	492,984,894	12.08	472,719,392	-4.11
INTER-AGENCY TRANSFER	978,335,258	1,182,185,226	931,211,638	-21.23	958,382,732	2.92
INTERIM FINANCE	10,489,713	1,763,484				
OTHER FUND	1,648,899,936	1,729,006,754	1,643,447,908	-4.95	1,718,264,543	4.55
REVERSIONS	-204,821,359	31,550				
<b>TOTAL FOR STATEWIDE</b>	<b>7,994,053,785</b>	<b>9,417,308,873</b>	<b>8,584,921,337</b>	<b>-8.84</b>	<b>8,762,603,048</b>	<b>2.07</b>
Less: INTER-AGENCY TRANSFER	978,335,258	1,182,185,226	931,211,638	-21.23	958,382,732	2.92
<b>NET STATEWIDE</b>	<b>7,015,718,527</b>	<b>8,235,123,647</b>	<b>7,653,709,699</b>	<b>-7.06</b>	<b>7,804,220,316</b>	<b>1.97</b>



# NEVADA GENERAL FUND APPROPRIATIONS

## GOVERNOR RECOMMENDS, 2009-11 BIENNIUM



### GOVERNOR RECOMMENDS - 2009-11 BIENNIUM

	<u>2009-11</u> <u>BIENNIUM</u>	<u>% of</u> <u>TOTAL</u>
CONSTITUTIONAL AGENCIES	\$ 186,301,870	3.0%
FINANCE & ADMINISTRATION	\$ 72,191,956	1.2%
EDUCATION:		
NEVADA SYSTEM OF HIGHER EDUCATION	\$ 843,873,920	13.7%
EDUCATION: K-12	\$ 2,290,422,751	37.1%
OTHER EDUCATION <sup>A</sup>	\$ 19,791,771	0.3%
<b>SUBTOTAL EDUCATION</b>	<b>\$ 3,154,088,442</b>	<b>51.1%</b>
HUMAN SERVICES	\$ 2,008,354,539	32.5%
COMMERCE & INDUSTRY	\$ 96,666,988	1.6%
PUBLIC SAFETY	\$ 588,741,147	9.5%
INFRASTRUCTURE	\$ 56,203,400	0.9%
SPECIAL PURPOSE AGENCIES	\$ 12,046,498	0.2%
<b>TOTAL</b>	<b>\$ 6,174,594,840</b>	<b>100.0%</b>

<sup>A</sup> Other Education includes the Commission on Postsecondary Education and the Department of Cultural Affairs.

**GENERAL FUND SUPPLEMENTAL APPROPRIATIONS  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNIUM**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
	<b>ELECTED OFFICIALS</b>			
Governor's Office - Office of Consumer Health Assistance	Funding for a correction to the closing of fiscal year 2005 identified by a Legislative Counsel Bureau (LCB) audit. Funds are an annual assessment paid by hospitals, other than federal and state hospitals, with 49 or more licensed or approved hospital beds to support the Bureau of Hospital Patients (BHP) within the Office of Consumer Health Assistance.	\$ 181,169	\$ -	\$ -
Governor's Office - Nuclear Projects Office	Funding for an anticipated salary shortfall due to terminal leaves.	\$ 90,002	\$ -	\$ -
Secretary of State's Office	Funding for a projected Special Services revenue shortfall in the Secretary of State's budget.	\$ 942,006	\$ -	\$ -
	<b>TOTAL ELECTED OFFICIALS</b>	<b>\$ 1,213,177</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>EDUCATION</b>			
Department of Education - Distributive School Account	Funding for the expected shortfall in the Distributive School Account (DSA) due to shortfalls in the Local School Support Tax and Public School Operating Property Tax (the 1/3 guaranteed in the DSA).	\$ 329,279,867	\$ -	\$ -
Nevada System of Higher Education - System Administration	Funding to pay the Nevada System of Higher Education's portion of state premiums owed to the Public Employees' Benefits Program from fiscal year 2003 to 2006.	\$ 110,800	\$ -	\$ -
	<b>TOTAL EDUCATION</b>	<b>\$ 329,390,667</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>HUMAN SERVICES</b>			
Department of Health and Human Services - Washoe County Integration	Funding for an anticipated revenue shortfall in Federal Title XIX (Medicaid) funding.	\$ 873,044	\$ -	\$ -
Department of Health and Human Services - Clark County Integration	Funding for shortfall of purchase placement costs due to a decline in Title IV-E eligibility rate. This amount takes into consideration the Federal Medical Assistance Percentage (FMAP) hold harmless.	\$ 2,024,537	\$ -	\$ -
Department of Health and Human Services - Children, Youth & Family Administration	Funding for additional parental placement costs due to increased treatment foster care rate as a result of changes to the Medicaid Services Manual, chapter 400.	\$ 2,351,305	\$ -	\$ -
Department of Health and Human Services - Child Care Services	Funding for an additional Child Care Development Surveyor II, and associated costs, effective May 1, 2009, to cover the addition of 180 child care facilities previously licensed by the city of Las Vegas, which will need to have an inspection prior to the renewal of the license, as well as two additional inspections annually.	\$ 14,812	\$ -	\$ -
Department of Health and Human Services - Office of Health Administration	Funding to cover an incorrect cost allocation resulting in a shortfall of General Fund authority and an uncollectible cost allocation revenue authority.	\$ 265,925	\$ -	\$ -
Department of Health and Human Services - Rural Child Welfare	Funding for a shortfall in General Fund match for the Federal Title IV-E program due to a cost allocation error. Also, the budgeted Title IV-E reimbursement rate was higher than actual. This amount takes into consideration the Federal Medical Assistance Percentage (FMAP) hold harmless.	\$ 7,289,817	\$ -	\$ -
Department of Health and Human Services - Welfare -Assistance to Aged and Blind	To fund an unanticipated increase in the cost of supplemental payments to low income aged and blind individuals and adult group care facilities.	\$ 280,000	\$ -	\$ -
Department of Health and Human Services - HCF&P - Nevada Medicaid, Title XIX	To provide funding to pay Medicaid medical service costs due to significant caseload increases for Temporary Assistance to Needy Families/Children's Health Assistance Program (TANF/CHAP), Medical Assistance to the Aged, Blind and Disabled (MAABD) and Child Welfare categories.	\$ 31,151,455	\$ -	\$ -
Department of Health and Human Services - Youth Parole Services	Funding for additional costs due to increased treatment foster care rate as a result of changes to the Medicaid Services Manual, chapter 400.	\$ 470,463	\$ -	\$ -
	<b>TOTAL HUMAN SERVICES</b>	<b>\$ 44,721,358</b>	<b>\$ -</b>	<b>\$ -</b>

**GENERAL FUND SUPPLEMENTAL APPROPRIATIONS  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNium**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
	<b>PUBLIC SAFETY</b>			
Department of Corrections -Prison Medical Care	\$64,967 for the terminal leave and Public Employees' Retirement System credit (NRS 286.3007) payments as a result of the closure of Nevada State Prison. \$24,673 for a projected shortfall in the utility budget.	\$ 89,640	\$ -	\$ -
Department of Corrections - Warm Springs Correctional Center	Funding for a projected shortfall in the utility budget.	\$ 11,490	\$ -	\$ -
Department of Corrections - Northern Nevada Correctional Center	Funding for a projected shortfall in the utility budget.	\$ 379,938	\$ -	\$ -
Department of Corrections - Nevada State Prison	\$3,563,809 for the terminal leave and Public Employees' Retirement System credit (NRS 286.3007) payments as a result of the closure of Nevada State Prison. \$6,499 for a projected shortfall in the utility budget.	\$ 3,570,308	\$ -	\$ -
Department of Corrections - Stewart Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 30,753	\$ -	\$ -
Department of Corrections - Pioche Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 96,653	\$ -	\$ -
Department of Corrections - Northern Nevada Restitution Center	Funding for a projected shortfall in the utility budget.	\$ 4,193	\$ -	\$ -
Department of Corrections - Three Lakes Valley Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 19,545	\$ -	\$ -
Department of Corrections - Southern Desert Correctional Center	Funding for a projected shortfall in the utility budget.	\$ 519,323	\$ -	\$ -
Department of Corrections -Wells Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 30,239	\$ -	\$ -
Department of Corrections - Humboldt Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 36,605	\$ -	\$ -
Department of Corrections -Ely Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 25,962	\$ -	\$ -
Department of Corrections -Jean Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 57,862	\$ -	\$ -
Department of Corrections -Ely State Prison	Funding for a projected shortfall in the utility budget.	\$ 302,963	\$ -	\$ -
Department of Corrections -Carlin Conservation Camp	Funding for a projected shortfall in the utility budget.	\$ 12,478	\$ -	\$ -
Department of Corrections - Tonopah Conservation Camp	\$232,094 for the terminal leave and Public Employees' Retirement System credit (NRS 286.3007) payments as a result of the closure of Tonopah Conservation Camp. \$34,846 for a projected shortfall in the utility budget.	\$ 266,940	\$ -	\$ -
Department of Corrections - Lovelock Correctional Center	Funding for a projected shortfall in the utility budget.	\$ 258,297	\$ -	\$ -
Department of Corrections - Casa Grande Transitional Housing	Funding for a projected shortfall in the utility budget.	\$ 15,959	\$ -	\$ -

**GENERAL FUND SUPPLEMENTAL APPROPRIATIONS  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNium**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
Department of Corrections - Florence McClure Women's Correctional Center	Funding for a projected shortfall in the utility budget.	\$ 40,128	\$ -	\$ -
Department of Corrections -High Desert State Prison	Funding for a projected shortfall in the utility budget.	\$ 464,814	\$ -	\$ -
Department of Public Safety - State Fire Marshal	To fund outstanding fiscal year 2008 refunds for hazmat fees and plan review fees.	\$ 10,890	\$ -	\$ -
	<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 6,244,980</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>INFRASTRUCTURE</b>			
Department of Conservation and Natural Resources - Division of Forestry - Conservation Camps	Funding for the terminal leave payments as a result of the closure of Tonopah Conservation Camp.	\$ 38,763	\$ -	\$ -
	<b>TOTAL INFRASTRUCTURE</b>	<b>\$ 38,763</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>TOTAL GENERAL FUND SUPPLEMENTAL APPROPRIATIONS</b>	<b>\$ 381,608,945</b>	<b>\$ -</b>	<b>\$ -</b>

(a.) - Purpose comments replicate descriptions provided in The Executive Budget.



**HIGHWAY FUND SUPPLEMENTAL APPROPRIATIONS  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNium**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
	<b>PUBLIC SAFETY</b>			
Department of Motor Vehicles - Office of Administrative Hearings	Funding for the cost of the mileage rate increase paid to witnesses who appear at administrative hearings.	\$ 7,305	\$ -	\$ -
Department of Motor Vehicles - Field Services	Funding for projected revenue shortfalls in governmental sales tax commissions and penalties.	\$ 1,340,905	\$ -	\$ -
Department of Motor Vehicles - Central Services	Funding for projected revenue shortfalls in full sales tax commissions and records search charges.	\$ 446,031	\$ -	\$ -
Department of Motor Vehicles - Administrative Services	Funding for a projected revenue shortfall in Title Processing fees due to the economic slowdown.	\$ 1,410,427	\$ -	\$ -
	<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 3,204,668</b>		
	<b>TOTAL HIGHWAY FUND SUPPLEMENTAL APPROPRIATIONS</b>	<b>\$ 3,204,668</b>		

(a.) - Purpose comments replicate descriptions provided in The Executive Budget.

**GENERAL FUND APPROPRIATIONS TO RESTORE FUND BALANCES  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNIUM**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
State Claims Account	To restore the balance in the State Claims Account.	\$ -	\$ 5,500,000	\$ -
Emergency Account	To restore the balance in the Emergency Account.	\$ -	\$ 150,000	\$ -
Statutory Contingency Account	To restore the balance in the Statutory Contingency Account.	\$ -	\$ 3,000,000	\$ -
Interim Finance Contingency Fund	To restore the balance in the Interim Finance Contingency Fund.	\$ -	\$ 7,500,000	\$ -
<b>TOTAL GENERAL FUND APPROPRIATIONS TO RESTORE FUND BALANCES</b>		<b>\$ -</b>	<b>\$ 16,150,000</b>	<b>\$ -</b>

(a.) - Purpose comments replicate descriptions provided in [The Executive Budget](#).

**GENERAL FUND SPECIAL ONGOING APPROPRIATIONS  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNIUM**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
Interim Finance Contingency Fund	For allocation to state agencies for electricity, heating and cooling costs.	\$ -	\$ 2,206,295	\$ 3,126,269
<b>TOTAL GENERAL FUND SPECIAL ONGOING APPROPRIATIONS</b>		<b>\$ -</b>	<b>\$ 2,206,295</b>	<b>\$ 3,126,269</b>

(a.) - Purpose comments replicate descriptions provided in [The Executive Budget](#).

**HIGHWAY FUND SPECIAL ONGOING APPROPRIATIONS  
GOVERNOR RECOMMENDS - 2009 LEGISLATURE  
2009-11 BIENNIUM**

DEPARTMENT / DIVISION	PURPOSE (a.)	EXECUTIVE BUDGET		
		FY 2009	FY 2010	FY 2011
Interim Finance Contingency Fund	For allocation to state agencies for electricity, heating and cooling costs.	\$ -	\$ 189,016	\$ 275,075
<b>TOTAL HIGHWAY FUND SPECIAL ONGOING APPROPRIATIONS</b>		<b>\$ -</b>	<b>\$ 189,016</b>	<b>\$ 275,075</b>

(a.) - Purpose comments replicate descriptions provided in [The Executive Budget](#).

## **CAPITAL IMPROVEMENT PROGRAM**

The Governor has recommended a Capital Improvement Program (CIP) for the 2009-11 biennium in the amount of \$582.8 million. The 2009 program compares to programs of \$811.0 million approved by the 2007 Legislature, \$419.4 million approved by the 2005 Legislature, and \$218.5 million approved by the 2003 Legislature.

Based upon General Fund revenues not meeting projected levels, a series of budget reductions were implemented during the current biennium. This resulted in the CIP, as approved by the 2007 Legislature, to be reduced from \$811.0 million to \$548.9 million, or by 32.3 percent. The major funding sources impacted by this reduction to the 2007-09 CIP include General Fund support being reduced from \$194.8 million to \$11.8 million, Nevada System of Higher Education funds being reduced from \$47.4 million to \$8.7 million, general obligation bond funds being reduced from \$521.6 million to \$500.6 million, and state Highway Funds being reduced from \$16.9 million to \$269,822.

The Governor recommends supporting the costs of the 2009 program as depicted in the following table:

<b>Funding Sources - 2009 CIP (Recommended):</b>	<b>Amount</b>	<b>% of Total</b>
General Fund	\$0	0.00%
General Obligation Bonds	\$404,245,395	69.36%
Highway Funds	\$2,433,707	0.42%
Nevada System of Higher Education	\$11,178,072	1.92%
Agency Funds	\$694,235	0.12%
Federal Funds	\$60,691,475	10.41%
Statewide Agency and Building Official Projects	\$101,053,172	17.34%
Special Higher Education Capital Construction Fund	\$2,500,000	0.43%
<b>Total Recommended 2009 CIP Program</b>	<b>\$582,796,056</b>	<b>100.00%</b>

The following table provides state funding, other funding, and total funding, with the percentage of each funding source that is recommended to be received by each state agency in the Governor's recommended 2009 CIP:

<b>Agency</b>	<b>State Funding (A)</b>	<b>% of State Funding</b>	<b>Other Funding</b>	<b>% of Other Funding</b>	<b>Total Funding</b>	<b>% of Total Funding</b>
Department of Administration	\$18,188,885	4.50%	\$101,904,694	57.07%	\$120,093,579	20.61%
Department of Conservation and Natural Resources	\$904,430	0.22%	\$0	0.00%	\$904,430	0.16%
Department of Corrections	\$293,228,790	72.54%	\$295,907	0.17%	\$293,524,697	50.36%
Department of Cultural Affairs	\$1,210,719	0.30%	\$0	0.00%	\$1,210,719	0.21%
Department of Information Technology	\$299,047	0.07%	\$0	0.00%	\$299,047	0.05%
Department of Employment, Training and Rehabilitation	\$0	0.00%	\$198,328	0.11%	\$198,328	0.03%

Agency	State Funding (A)	% of State Funding	Other Funding	% of Other Funding	Total Funding	% of Total Funding
Department of Health and Human Services	\$6,316,569	1.56%	\$0	0.00%	\$6,316,569	1.08%
Department of the Military	\$24,185,110	5.98%	\$55,790,083	31.25%	\$79,975,193	13.72%
Department of Motor Vehicles	\$0	0.00%	\$1,782,185	1.00%	\$1,782,185	0.31%
Department of Wildlife	\$570,895	0.14%	\$0	0.00%	\$570,895	0.10%
Nevada System of Higher Education	\$59,005,631	14.60%	\$13,678,072	7.66%	\$72,683,703	12.47%
Office of Veterans' Services	\$335,319	0.08%	\$4,901,392	2.75%	\$5,236,711	0.90%
<b>TOTAL ALL PROJECTS</b>	<b>\$404,245,395</b>	<b>100.00%</b>	<b>\$178,550,661</b>	<b>100.00%</b>	<b>\$582,796,056</b>	<b>100.00%</b>

(A) General Obligation Bonds

The Governor recommends decreasing the current property tax rate of \$0.1585 for general obligation debt to \$0.1565 each year of the 2009-11 biennium. The total tax rate for the 2009-11 biennium for state debt service will remain unchanged at \$0.17, as the property tax rate for the Question 1 bond program is recommended to increase from \$0.0115 to \$0.0135. If additional funding were required, it would be taken from the Bond Interest and Redemption Account reserve. According to information contained in the Governor's recommended 2009 CIP program and the State Treasurer's Debt Capacity Report for the 2009-11 biennium, the ability to decrease the current property tax rate for debt service is predicated upon the issuance of bonds, according to the following schedule:

#### **FY 2009-10**

Capital Improvement Bonds	\$ 144,200,000
Tahoe Environmental Improvement Bonds	\$ 7,930,000
Water Systems Bonds (NRS 349.981)	\$ 15,000,000
Cultural Affairs Bonds (NRS 233C.225) <sup>(a)</sup>	\$ 3,000,000
<b>Total</b>	<b>\$ 170,130,000</b>

#### **FY 2010-11**

Capital Improvement Bonds	\$ 200,200,000
Department of Transportation	\$ 30,000,000
Tahoe Environmental Improvement Bonds	\$ 7,000,000
Water Systems Bonds (NRS 349.981)	\$ 13,000,000
Cultural Affairs Bonds (NRS 233C.225) <sup>(a)</sup>	\$ 3,000,000
<b>Total</b>	<b>\$ 253,200,000</b>

#### **FY 2011-12**

Capital Improvement Bonds	\$ 132,605,000
Tahoe Environmental Improvement Bonds	\$ 7,000,000
Water Systems Bonds (NRS 349.981)	\$ 10,000,000
Cultural Affairs Bonds (NRS 233C.225) <sup>(a)</sup>	\$ 3,000,000
<b>Total</b>	<b>\$ 152,605,000</b>

The Office of the State Treasurer computes the debt capacity as of June 30, 2009, as follows:

State's Estimated Assessed Valuation	\$ 148,156,208,281
Multiplied by the 2 Percent Constitutional Limit	\$ 2,963,124,166
Minus the Bonds Outstanding	(\$ 1,809,210,000)
Equals the State's Unused Bonding Capacity	\$ 1,153,914,166

Source: Debt Capacity Report, Office of the State Treasurer -- 2009-11 Biennium

**Notes:**

(a) Current statutory limit is \$3,000,000 per year.

Assessed Valuations – Assessed valuations are prepared and certified by the Department of Taxation and are used for those portions of The Executive Budget dependent upon property assessments and/or local property tax collections. The forecasts for FY 2009, FY 2010, and FY 2011 from the Treasurer's Debt Capacity Report for the 2009-11 biennium are presented in the table below, along with historical information of assessed valuations from the Department of Taxation's annual reports on property tax rates, or the Red Book. The assessed valuation amounts are reported annually in April and include net proceeds of minerals and redevelopment agencies, and exclude general exemptions.

Fiscal Year	Assessed Value	Percent Change
<b>Actual:</b>		
2000	\$ 44,967,465,094	10.20%
2001	\$ 49,749,247,957	10.63%
2002	\$ 52,943,737,483	6.42%
2003	\$ 57,768,732,697	9.11%
2004	\$ 62,958,855,390	8.98%
2005	\$ 69,700,111,729	10.71%
2006	\$ 85,776,348,878	23.06%
2007	\$ 134,249,854,577	56.51%
2008	\$ 143,545,744,153	6.92%
<b>Forecast:</b>		
2009	\$ 148,156,208,281	3.21%
2010	\$ 148,156,208,281	0.00%
2011	\$ 148,156,208,281	0.00%

Sources: Annual Red Book Publication – Department of Taxation  
Debt Capacity Report, Office of the State Treasurer -- 2009-11 Biennium

It should be noted that due to the property tax relief measures approved by the 2005 Legislature, beginning in FY 2005-06 the revenues generated by the state property tax rate assessed for debt service will not increase by the actual or forecasted growth in the statewide assessed value. In general, the actual and forecasted growth in revenues derived from the state property tax rate may differ significantly from the growth in assessed values beginning in FY 2005-06.

The following pages present the Governor's recommended CIP program for the 2009-11 biennium.

**GOVERNOR'S RECOMMENDED CIP PROGRAM  
FOR THE 2009-11 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
<b>CONSTRUCTION PROJECTS</b>							
09-C01	Corrections	Indian Springs	Prison #8 Construction	\$ 221,040,341	-		Men's prison, including three complete housing units, one housing unit shell, a regional medical facility, and an execution chamber. Continuation of 07-P03.
09-C02	Corrections	Carson City	New Housing Unit & Core Upgrade	\$ 43,493,102	-		Addition of housing unit (51,650 square feet) to Warm Springs Correctional Center. Continuation of 07-P30.
09-C03	Corrections	Indian Springs	Southern Desert Correctional Center Core Expansion	\$ 17,966,308	-		Security upgrades, culinary, laundry, and dining area additions (29,250 square feet). Continuation of 07-C07a.
09-C05	Nevada System of Higher Education	Reno	Medical Education Learning Lab Building	\$ 31,220,993	\$ 11,178,072	University Funds	Medical Education Learning Lab Building (58,000 square feet) and remodel of Pennington Building (1,600 square feet). Deferred from 07-C90a due to revenue shortfalls.
09-C08	Nevada System of Higher Education	Reno	Davidson Mathematics and Science Center - FF&E	\$ 3,732,121	-		Restoration of furniture and equipment funding deferred from 07-C11. Continuation of 03-P10L, 05-C68L, and 07-C11. Deferred from 07-C11 due to revenue shortfalls.
09-C09	Nevada System of Higher Education	Reno	Center for Molecular Medicine - FF&E	\$ 7,433,363	-		Furniture and equipment funding. Continuation of agency project 06-A013.
09-C11	Nevada System of Higher Education	Carson City	ADA and Life Safety Retrofit	\$ 2,228,487	-		ADA retrofit of certain Western Nevada College facilities. Continuation of 05-P04.
09-C13	Military	Las Vegas	Field Maintenance Shop Facility	\$ 2,978,891	\$ 21,597,126	Federal Funds	Field maintenance shop (40,882 square feet) and site improvements. Continuation of agency project 08-A005.
09-C14	Military	N. Las Vegas	Readiness Center	\$ 11,882,298	\$ 24,237,864	Federal Funds	Readiness Center (65,000 square feet) for 240th Engineering Company and 100th Quartermaster Company.
09-C15	Military	Carlin	Carlin Readiness Center	\$ 8,000,000	\$ 8,631,170	Federal Funds	Acquisition and remodel of the Carlin Fire Sciences Academy for readiness center. Continuation of 07-P06.
09-C16	Nevada System of Higher Education	Boulder City	Renovate Laboratory	\$ 2,366,237	-		Renovation of Desert Research Institute laboratory building (5,628 square feet).
09-C18	Veterans' Services	Boulder City	Cemetery Expansion	-	\$ 4,901,392	Federal Funds	Burial capacity expansion, addition and renovation of administrative building. Continuation of 07-P05.
09-C21	Motor Vehicles	Henderson	Parking Lot Expansion	-	\$ 827,683	Highway Funds	Henderson DMV Office parking lot expansion (50,000 square feet).
<b>CONSTRUCTION PROJECTS TOTAL</b>				<b>\$ 352,342,141</b>	<b>\$ 71,373,307</b>		
<b>MAINTENANCE PROJECTS</b>							
09-M01	Administration	Carson City	Cooling Tower Replacement	\$ 361,274	-		State Library and Archives Building cooling tower replacement.
09-M02a	Administration	Las Vegas	Water Supply Backflow Prevention	\$ 193,457	-		Installation of sewer and water main backflow preventers for the Bradley Building and Stewart Facility.

**GOVERNOR'S RECOMMENDED CIP PROGRAM  
FOR THE 2009-11 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
09-M02b	Administration	Las Vegas	Water Supply Backflow Prevention	-	\$ 89,297	Highway Funds	Installation of sewer and water main backflow preventer for the Reno Highway Patrol Building.
09-M03	Administration	Carson City	West Entry Wind Break	\$ 123,006	-		Richard H. Bryan Building west entry wind break; wind jams automatic door.
09-M04	Administration	Stewart	Upgrade Electrical Power	\$ 2,181,544	-		Relocation of power and phone cables at the Stewart Facility underground. Deferred from 07-M44 due to revenue shortfalls.
09-M05	Administration	Carson City	Sedimentation Remediation, Marlette Lake Water System	\$ 765,836	-		Erosion and sediment mitigation measures for McEwan Creek.
09-M06	Conservation & Natural Resources	Kyle Canyon	Install Traffic Signal	\$ 596,693	-		Addition of traffic signals to the Kyle Canyon Fire Station. Deferred from 07-M43 due to revenue shortfalls.
09-M07	Corrections	Carson City	Replace Flooring	\$ 479,135	-		Regional Medical Facility flooring replacement (32,000 square feet).
09-M08	Health & Human Services	Elko	Well Replacement	\$ 485,592	-		New back-up potable water well for the Nevada Youth Training Center.
09-M09	Veterans' Services	Boulder City	Cooling Tower Replacement	\$ 335,319	-		Southern Nevada Veterans' Home; replace both existing cooling towers.
09-M10	Corrections	Winnemucca	Arsenic Treatment System	\$ 591,447	-		Potable water arsenic treatment system for the Humboldt Conservation Camp.
09-M11	Corrections	Indian Springs	Replace Doors, Locks, Control Panels	\$ 3,757,427	-		Replace 306 cell doors and locks and install touch-screen control panels for the Southern Desert Correctional Center.
09-M12	Corrections	Lovelock	Renovate Boiler #3	\$ 331,787	-		Replace internal heat transfer components at Lovelock Correctional Center.
09-M13	Corrections	Indian Springs	Replace Boiler #2	\$ 526,527	-		Replace inoperable boiler at Southern Desert Correctional Center.
09-M14	Administration	Carson City	Temperature Controls Upgrade	\$ 914,704	-		Temperature control system replacement for the State Library and Archives Building.
09-M15	Administration	Reno	Seismic Retrofit for Purchasing Warehouse	\$ 442,060	-		Seismic retrofit of Reno Purchasing Warehouse. Deferred from 07-M46 due to revenue shortfalls.
09-M16	Administration	Carson City	Governor's Mansion Safety & Security Upgrades	\$ 485,839	-		Security upgrades, sidewalk and driveway paver replacement, and balcony membrane replacement for the Governor's Mansion.
09-M17	Administration	Carson City	Upgrade Electrical Power Supply System	\$ 833,233	-		Electric transformer and service entrance replacement for the Blasdel Building.
09-M18	Health & Human Services	Elko	Replace Switch Gear	\$ 679,410	-		Main electrical switch gear replacement for the Nevada Youth Training Center.
09-M19	Corrections	Carson City	Water Heater Replacement	\$ 81,057	-		Addition of a redundant water heater at the Regional Medical Facility.
09-M20	Health & Human Services	Elko	Replace Hot Water Storage Tanks	\$ 954,436	-		Hot water tank and related plumbing replacement in seven dorms at the Nevada Youth Center.
09-M21	Nevada System of Higher Education	Reno	HVAC Renovation	\$ 2,024,430	-		Replacement of central plant and HVAC components at the TMCC's Red Mountain Building.
09-M22	Military	N. Las Vegas	HVAC Installation	\$ 228,310	\$ 228,311	Federal Funds	Renovation of existing HVAC systems at the Armory Building in southern Nevada, including eight new air handling units. Deferred from 07-M12 due to revenue shortfalls.

**GOVERNOR'S RECOMMENDED CIP PROGRAM  
FOR THE 2009-11 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
09-M24	Health & Human Services	Caliente	Facility Upgrades	\$ 3,256,688	-		Various facility improvements for the Caliente Youth Center, including administration building and pool house upgrades, and a new pool enclosure.
09-M26	Corrections	Carson City	Replace Door Controls	\$ 383,915	-		Sally port door control replacement for visitation area at Northern Nevada Correctional Center.
09-M27	Employment, Training & Rehabilitation	Various	Preventative Maintenance of Existing Pavement	-	\$ 198,328	Agency Funds	Slurry seal Las Vegas, Sparks, and Fallon Department of Employment, Training and Rehabilitation offices parking lots.
09-M28	Corrections	Carson City	Sanitary Sewer System Upgrades	\$ 580,226	-		Sewer system upgrades for the Northern Nevada Correctional Center.
09-M29	Wildlife	Elko	NDOW Elko Office Repair and Pavement Project	\$ 570,895	-		Exterior water drainage system improvements, paving and slurry sealing of parking lots, and conference room repairs at the Department of Wildlife's Elko office.
09-M31	Cultural Affairs	Carson City	State Library and Archives Compact Shelving	\$ 1,210,719	-		Purchase and installation of compact shelving for the State Records Center and the Library and Archives Building.
09-M32	Conservation & Natural Resources	Carson City	Sewage Dump Station Upgrade	\$ 307,737	-		Construction of self contained sewage dump station and associated infrastructure for the Stewart Conservation Camp.
<del>09-M33</del>	Health & Human Services	Las Vegas	Turf Reduction	\$ 435,607	-		Elimination of 4.6 acres of turf and replacement with desert landscaping at the Desert Regional Center.
09-M34	Health & Human Services	Sparks	Install Panic Alarm System	\$ 504,836	-		Installation of panic alarm system at Dini-Townsend Hospital. Deferred from 07-M34 due to revenue shortfalls.
09-M36	Information Technology	Carson City	Computer Facility Security, and Safety Upgrades	\$ 299,047	-		Physical security and safety upgrades, and design of chemical, biological, and radiological filtration system for the DoIT Computer Facility.
09-M38	Nevada System of Higher Education	Various	Deferred Maintenance (HECC/SHECC)	\$ 10,000,000	\$ 2,500,000	SHECC	Deferred maintenance projects for various NSHE campuses.
<b>MAINTENANCE PROJECTS TOTAL</b>				<b>\$ 34,922,193</b>	<b>\$ 3,015,936</b>		
<b>PLANNING PROJECTS</b>							
09-P01	Corrections	Carson City	Feasibility, Programming and Master Planning	\$ 308,626	-		Feasibility study and master plan to optimize use of the Warm Springs Correctional Center site.
09-P02	Corrections	Jean	Southern Nevada Correctional Center, Expansion Advance Planning	\$ 3,688,892	-		Advance planning through construction documents for two housing units and one 240-bed dorm at the Southern Nevada Correctional Center.
<b>PLANNING PROJECTS TOTAL</b>				<b>\$ 3,997,518</b>	<b>\$ -</b>		
<b>STATEWIDE PROJECTS</b>							
09-S01	Administration	Statewide	Statewide Roofing	\$ 3,037,877	-		State-funded statewide roofing projects.
09-S01f	Military	Statewide	Statewide Roofing	\$ 1,095,611	\$ 1,095,612	Federal Funds	Statewide roofing projects for Clark County, Elko, Yerington, Ely, Winnemucca and Fallon Armories.



**GOVERNOR'S RECOMMENDED CIP PROGRAM  
FOR THE 2009-11 BIENNIUM**

Project Number	Agency	Location	Project Title	State Funding	Other Funding	Other Funding Source	Remarks
09-S02	Administration	Statewide	Statewide ADA Program	\$ 2,496,751	-		State-funded statewide program accessibility under Title II of the Americans with Disabilities Act.
09-S02h	Administration	Carson City	ADA Site and Building Retrofit DMV	-	\$ 93,257	Highway Funds	Statewide program accessibility under Title II of the Americans with Disabilities Act for the Reno and Las Vegas DMV administrative offices, and Las Vegas Training Garage.
09-S02p	Corrections	Carson City	ADA Retrofit Shop Buildings	-	\$ 295,907	Agency Funds	Statewide program accessibility under Title II of the Americans with Disabilities Act for the Northern Nevada Correctional Center Prison Industries welding shop.
09-S03	Administration	Statewide	Statewide Fire and Life Safety	\$ 2,812,189	-		State-funded installation of fire sprinklers, fire alarms, exit signs and egress lighting in existing state-owned buildings.
09-S03h	Administration	Carson City	Install Wet Sprinkler and Fire Alarm Systems	-	\$ 371,496	Highway Funds	Installation of fire sprinklers, fire alarms, exit signs and egress lighting in DPS Training Facility.
09-S04	Administration	Statewide	Statewide Advance Planning Program	\$ 978,000	-		Preparation of the 2011 Capital Improvement Program (CIP).
09-S05	Administration	Statewide	Statewide Paving Program	\$ 2,563,114	-		New paving, replacement paving and preventive maintenance, including crack and slurry sealing - state-funded. Nevada State Museum, plus projects deferred due to revenue shortfalls.
09-S05d	Motor Vehicles	Various	Pavement Rehabilitation	-	\$ 954,502	Highway Funds	Removal, replacement, overlay, and restriping for the motorcycle and truck test areas in Winnemucca and Sparks.
09-S05h	Administration	Reno	Preventative Maintenance of Existing Pavement	-	\$ 97,472	Highway Funds	Patch, crack fill, slurry seal, and restripe existing pavement at Highway Patrol Headquarters Building in Reno.
09-S06	Administration	Statewide	Statewide Asbestos, Indoor Air Quality, Mold, Lead Paint	-	\$ 200,000	Agency Funds	Indoor Air Quality (IAQ) projects - no state funding recommended; projects not identified.
09-S09	Administration	Statewide	Statewide Building Official Projects	\$ 1	\$ 2,218,354	Agency Funds	Project to accept and spend funds from various state agencies for plan review and inspection of building projects not managed by the SPWB.
09-S10	Administration	Statewide	Statewide Agency Projects	-	\$ 98,834,818	Agency Funds	Project to accept and spend funds from various state agencies for the SPWB to manage and inspect non-CIP projects.
<b>STATEWIDE PROJECTS TOTAL</b>				<b>\$ 12,983,543</b>	<b>\$ 104,161,418</b>		
<b>TOTAL ALL PROJECTS</b>				<b>\$ 404,245,395</b>	<b>\$ 178,550,661</b>		
<b>GRAND TOTAL ALL FUNDS</b>				<b>\$ 582,796,056</b>			



## **POSITION SUMMARY**

The following table displays the existing and new positions recommended in The Executive Budget by functional area for the 2009-11 biennium. The FY 2008-09 (work program year) is displayed to provide a perspective of the total number of positions in the current fiscal year compared to the total number of positions approved by the 2007 Legislature for FY 2008-09. A comparison can then be made to the total number of existing and new positions recommended by the Governor for the 2009-11 biennium. The total number of positions for the Nevada System of Higher Education (NSHE) is detailed separately, but only includes authorized positions in fiscal years 2007-08 and 2008-09.

Over the 2007-09 biennium, the number of positions, excluding NSHE, decreased from 19,213.52, as approved by the 2007 Legislature, to 19,209.03, a net decrease of 4.49 positions. For FY 2009-10, excluding NSHE, the Governor has recommended the elimination of 1,321.72 existing positions when compared to FY 2008-09 (work program year), thus recommending 17,887.31 positions and adding 750.98 new positions, resulting in a total of 18,638.29 recommended positions. The net decrease in positions (new less eliminated) is 570.74 when compared to the FY 2008-09 work program.

For FY 2010-11, excluding NSHE, the Governor has recommended the elimination of 10.02 existing positions when compared to FY 2009-10, thus recommending 18,628.27 existing positions and adding 120.75 new positions. The net increase in positions (new less elimination) is 110.73. This results in a total of 1,331.74 (1,321.72 + 10.02) eliminated positions over the 2009-11 biennium and 18,749.02 total recommended positions. The net decrease in positions (new less eliminated) for the 2009-11 biennium is 460.01 when compared to the number of positions in the FY 2008-09 work program year.

Significant increases in positions recommended by the Governor in FY 2009-10 include 562.49 positions in the Human Services functional area, primarily to support caseload growth within the Welfare Division. A total of 122.0 new positions are recommended in the Public Safety functional area, 88 of which are recommended for the High Desert State Prison expansion. Significant increases in positions recommended by the Governor in FY 2010-11 include 95.0 positions within the Welfare Division to support caseload growth.

No information on the number of authorized positions for the NSHE has been provided for the 2009-11 biennium. The Governor has recommended that General Fund support for the NSHE during the 2009-11 biennium be reduced by 36 percent, which would likely result in a substantial reduction of authorized positions. Since formula funding recommendations are not translated into position counts until after the close of the Legislative Session, no information has been provided on authorized positions for the NSHE for the 2009-11 biennium.

**Nevada Legislative Counsel Bureau  
Governor Recommends Position Count  
(Full-Time Equivalency Count)**

	FY 2008-09 Legislature Approved	FY 2008-09 Work Program <sup>a.</sup>	Governor Recommends FY 2009-10			Governor Recommends FY 2010-11		
			Existing <sup>b.</sup>	New	Total	Existing <sup>b.</sup>	New	Total
<b>Government Function</b>								
Constitutional Agencies	1,167.06	1,177.47	1,130.90	7.00	1,137.90	1,137.90	2.00	1,139.90
Finance and Administration	921.54	921.55	873.04	2.00	875.04	875.04	-	875.04
Education	338.42	343.92	263.27	2.00	265.27	262.27		262.27
Human Services	6,137.67	6,182.40	5,689.07	562.49	6,251.56	6,245.54	97.00	6,342.54
Commerce and Industry	1,414.41	1,428.43	1,308.66	19.49	1,328.15	1,327.15	-	1,327.15
Public Safety	6,029.54	5,854.60	5,390.60	122.00	5,512.60	5,512.60	3.00	5,515.60
Infrastructure	2,743.37	2,835.15	2,771.26	33.00	2,804.26	2,804.26	8.00	2,812.26
Special Purpose Agencies	461.51	465.51	460.51	3.00	463.51	463.51	10.75	474.26
<b>Sub-Total</b>	<b>19,213.52</b>	<b>19,209.03</b>	<b>17,887.31</b>	<b>750.98</b>	<b>18,638.29</b>	<b>18,628.27</b>	<b>120.75</b>	<b>18,749.02</b>
<b>Nevada System of Higher Education</b>								
Professional	4,980.73	5,043.19			N/A <sup>d.</sup>			N/A <sup>d.</sup>
Classified	2,684.06	2,745.03			N/A <sup>d.</sup>			N/A <sup>d.</sup>
<b>Sub-Total</b>	<b>7,664.79</b>	<b>7,788.22</b>						
<b>Total <sup>c.</sup></b>	<b>26,878.31</b>	<b>26,997.25</b>						

a. The FY 2008-09 work program sub-total by Government Function in The Fiscal Report differs from The Executive Budget due to necessary adjustments for those items which are not reflected in The Executive Budget work program. Reconciliation is on file in the Fiscal Analysis Division.

b. Existing positions for FY 2009-10 and FY 2010-11 are net of position eliminations of 1,321.72 in FY 2009-10 and 10.02 in FY 2010-11 for a total of 1,331.74 eliminated positions when compared to the FY 2008-09 Work Program. Detail of positions eliminated is on file in the Fiscal Analysis Division.

c. Total does not include Boards and Commissions.

d. The Governor has recommended that General Fund support for the NSHE during the 2009-11 biennium be reduced by 36 percent, which would likely result in a substantial reduction of authorized positions. Since formula funding recommendations are not translated into position counts until after the close of the Legislative Session, no information has been provided on authorized positions for the NSHE for the 2009-11 biennium.

## **SECTION V**

### **GOVERNOR'S RECOMMENDATIONS BY FUNCTION**

This section includes a schedule by budget account of the Governor's recommended level of spending by funding source. In each budget, the recommendation for FY 2009-10 and FY 2010-11 is compared to the current budget year (FY 2008-09). The percentage change for each year is also displayed.

Each functional area's schedule of recommended spending is preceded by a brief narrative description of the major program changes and issues reflected in the proposed budgets. This narrative is not exhaustive, nor does it address issues in great depth. It is designed to alert the reader to those issues that may arise during the 2009 Legislative Session.

#### **ELECTED OFFICIALS**

The Elected Officials function encompasses three sub-functions: the executive elected offices, the judicial agencies, and, the legislative agencies. The executive agencies include the Governor's Office, the Office of the Attorney General, Secretary of State, State Controller and State Treasurer. Judicial agencies include the Supreme Court, Administrative Office of the Courts, District Courts, Commission on Judicial Discipline and the Commission on Judicial Selection. The legislative agency is the Legislative Counsel Bureau, which includes the Interim Finance Committee.

The recommended General Fund appropriations for Elected Officials total approximately \$93.0 million in FY 2009-10, a decrease of 9.2 percent compared to FY 2008-09, and \$93.3 million in FY 2010-11, which represents a 0.4 percent increase over FY 2009-10. Budget recommendations for all funding sources total \$614.6 million in FY 2009-10 and \$637.1 million in FY 2010-11 after interagency transfers are deducted.

#### **OFFICE OF THE GOVERNOR**

The Governor is the Chief Executive Officer of the state and is elected to a four-year term. The responsibilities of the Governor include, but are not limited to, serving as the Commander in Chief of all state military forces and as the chairman of the Board of Examiners, the Board of Directors of the Department of Transportation, the Executive Branch Audit Committee, the Board of Prisons Commissioners, and the Board of Pardons Commissioners. The Office of the Governor is supported entirely by a General Fund appropriation. General Fund support is recommended to decrease from \$5.0 million, as approved by the 2007 Legislature for the 2007-09 biennium, to \$4.1 million for the 2009-11 biennium, an 18.2 percent decrease

The Executive Budget recommends the deletion of 5.02 vacant positions for the Office of the Governor, for a total of 17.51 positions. Also recommended is the

elimination of the payment of membership dues to both the National Governor's Association and the Western Governor's Association in the amount of \$239,600 over the 2009-11 biennium.

### **MANSION MAINTENANCE**

The Mansion Maintenance budget was established to account for the funding provided for the staffing, operation and maintenance of the Governor's Mansion in Carson City and is supported entirely by a General Fund appropriation. General Fund support for the mansion is recommended to decrease from \$765,533, as approved by the 2007 Legislature for the 2007-09 biennium, to \$631,095 for the 2009-11 biennium, a decrease of 17.6 percent.

The Executive Budget recommends the continuation of the 3.51 positions approved by the 2007 Legislature. The Governor also recommends CIP 09-M16 in the amount of \$485,839 for various maintenance, safety and security upgrades at the mansion. This project would upgrade the surveillance camera and monitoring system by providing color low light cameras and monitoring equipment. New camera locations providing more effective surveillance would be added. In addition, the deteriorated brick pavers in the entry driveway and sidewalk would be upgraded. The waterproofing membrane on the second floor exterior balcony would be replaced and the existing plywood substrate sheathing would be repaired.

### **WASHINGTON OFFICE**

The establishment of the Washington, D.C. office was authorized by the 1985 Legislature to identify, monitor and provide information on selected federal issues of high priority to Nevada, such as nuclear waste, transportation funding, gaming, and economic development.

The Governor recommends reducing the funding level for the Washington Office by \$20,000, from \$267,079 to \$247,079 in each fiscal year of the 2009-11 biennium. The Governor recommends the funding sources for the office continue as transfers from the Department of Transportation, the Commission on Tourism and the Commission on Economic Development. The reductions the Governor recommends are prorated based on each source's total contribution for funding the office. Due to changes recommended by the Governor in the way the Commission on Tourism budget is funded, the transfer to support the Washington Office is no longer a transfer of room tax revenue, but a transfer of General Funds in the amount of approximately \$101,000 in each fiscal year of the 2009-11 biennium.

### **HIGH LEVEL NUCLEAR WASTE**

The Agency for Nuclear Projects office was established by Executive Order in 1983 following passage of the federal Nuclear Waste Policy Act of 1982. The 1985 Legislature formally established the office as a statutorily authorized agency and

created a seven-member Commission on Nuclear Projects to support the work of the agency and provide guidance to the Governor and Legislature on matters concerning the high-level nuclear waste program. In 1997, the Legislature made the agency an organizational component of the Governor's office. The agency consists of the Division of Technical Programs and the Division of Planning. The Executive Director is appointed by the Governor and serves at the pleasure of the Commission.

Funding for the office consists primarily of state General Funds, an annual grant from the federal Department of Energy (DOE), and an annual transfer of Highway Funds in the amount of \$400,000 from Nevada's Department of Transportation. The Executive Budget recommends federal funding from the DOE at approximately \$5 million in each year of the 2009-11 biennium, the same amount received in FY 2008 and anticipated for FY 2009. Federal appropriations language restricts the use of federal funds to scientific oversight directly related to the physical sciences at Yucca Mountain. Federal funds may not be used for impact assessments, transportation research, legal services, environmental oversight, or the agency's general personnel and operating costs. In 2002, the DOE recommended, and the President supported, Yucca Mountain as a suitable site for the storage of high-level nuclear waste. The recommended budget continues the state's efforts to stop the opening of Yucca Mountain and focus on the DOE's efforts to license Yucca Mountain as a high-level nuclear waste repository.

The Governor recommends General Fund support for the agency be reduced from approximately \$3.96 million, as legislatively approved for the 2007-09 biennium, to approximately \$2.84 million for the 2009-11 biennium, a reduction of \$1.2 million. The reduction is the result of the Governor's recommendation to eliminate five of the existing seven positions that currently staff the agency, for a savings of over \$630,000 in each fiscal year of the 2009-11 biennium. The remaining positions include the Executive Director and a support position. The budget, as recommended, includes a supplemental appropriation for FY 2009 in the amount of \$90,002 for a projected salary shortfall due to the payment of terminal leave (annual and sick leave) for employees leaving the agency.

The Governor recommends General Fund support for the Nevada Protection expenditure category remain at \$1 million in each fiscal year of the 2009-11 biennium, the same level legislatively approved for the 2007-09 biennium. The funding in the Nevada Protection expenditure category is used to pay for expert consulting services (primarily contract legal support) used by the agency for efforts related to Yucca Mountain pre-licensing and licensing activities

#### **OFFICE OF HOMELAND SECURITY**

The primary function of the Office of Homeland Security is to collaborate, advise, assist and engage with various state, local and tribal entities, their private and non-governmental partners, and the general public to prevent, protect, respond, and recover from major events in order to minimize the impact on lives, property, and the

economy. The office was created by the 2003 Legislature with passage of A.B. 441, which also created Nevada Commission on Homeland Security.

The 2007 Legislature appropriated General Funds to the Interim Finance Committee (IFC) on behalf of the Office of Homeland Security to establish a Nevada Threat Analysis Center (NTAC) (formerly referred to as the State Fusion Center) in Carson City with passage of the General Appropriations Act. The appropriation included the caveat that the Office of Homeland Security present a plan with agreement from local law enforcement, including the Las Vegas Metropolitan Police Department and the Washoe County Sheriff, prior to the allocation of funding by the IFC. The Office of Homeland Security complied with the request, and in light of the agreement, at its January 2008 meeting, the IFC approved an allocation in the amount of \$55,655 in FY 2008 and \$288,781 in FY 2009 to support the NTAC. The allocation was intended to support three positions and associated support costs.

At the November 2008 meeting of the IFC, the Office of Homeland Security and the Department of Public Safety presented a proposal to transfer the responsibility of the NTAC to the Division of Investigations within the Department of Public Safety. The proposal was based on the premise that functions of the NTAC are law enforcement oriented, and therefore more appropriately aligned with the mission of the Division of Investigations Special Investigations Unit (SIU). The IFC agreed in concept with the proposal and transferred federal funds used for the operations of NTAC from the Office of Homeland Security to the Division of Investigations. For the 2009-11 biennium, the Governor recommends to complete the transition by transferring one Intelligence Analyst position approved by the IFC to the Division of Investigations, eliminating one Intelligence Analyst position and retaining the one remaining position approved by the IFC in the Office of Homeland Security's budget.

### **CONSUMER HEALTH ASSISTANCE**

The Office of Consumer Health Assistance was created within the Office of the Governor to assist consumers and injured employees in understanding their rights and responsibilities under healthcare plans and policies of industrial insurance, including responding to and investigating complaints regarding those plans and policies, resolving disputes between patients and hospitals, and providing information to consumers concerning prescription drug programs offered by manufacturers of prescription drugs or by the state of Nevada. The agency is located in Las Vegas and is supported by a combination of funding sources based on workload, which include a General Fund appropriation, Medicaid funding, hospital assessments, and funding from the Workers' Compensation and Safety Fund.

The Governor recommends eliminating the office and its current staffing of ten positions, for a General Fund savings of approximately \$1 million over the 2009-11 biennium. Little information is available regarding the reasons for recommending the elimination of the office. However, The Executive Budget narrative



indicates the recommendation is an effort to eliminate duplication, as other agencies currently perform similar functions.

The Executive Budget recommends a supplemental appropriation in the amount of \$181,169 to address and correct a funding irregularity discovered during a legislative audit released in October 2007. The audit determined that hospital assessments were incorrectly used to pay for General Fund expenditures in fiscal years 2004 and 2005

### **ENERGY CONSERVATION**

The Nevada State Office of Energy (NSOE) is responsible for implementing the Governor's Nevada Energy Protection Plan and for serving as the state's point of contact with the U.S. Department of Energy's (DOE) State Energy Program (SEP). The NSOE administers grants and contracts that promote the economic development of the state, encourage conservation and energy efficiency, encourage the development and utilization of Nevada's renewable energy resources, and promote alternative fuel use in Nevada. The activities of the NSOE include energy emergency support, energy policy formulation and implementation, technical assistance and public information and education. The NSOE was transferred from the Department of Business and Industry to the Office of the Governor in 2001 with passage of A.B. 661 in the 2001 Legislative Session and is under the oversight of the Governor's Energy Advisor, which was transferred to this budget by the 2007 Legislature.

The NSOE is currently funded primarily from two revenue sources, the federal SEP grant and a General Fund appropriation. Prior to the 2007-09 biennium, the federal SEP grant and other federal grant funds were the primary revenue sources used to support the operations of the NSOE. Due to the anticipated expiration of several federal grants, the 2007 Legislature approved a significant increase in General Fund support in order to retain existing positions and for operational use in order to maintain NSOE as a viable function.

For the 2009-11 biennium, the Governor recommends General Fund support continue at approximately the same levels legislatively approved for the 2007-09 biennium. Additionally, the budget includes the elimination of an accounting position due to the consolidation of NSOE's accounting function with the Department of Administration. The budget also anticipates a slight reduction in the annual SEP grant, which is a formula grant administered by the DOE. The SEP grant funds administrative costs and sub-grants for a wide range of programs, workshops and training sessions that promote energy efficiency, renewable resources, alternative fuel, building code compliance and energy education projects.

### **ATTORNEY GENERAL**

The Office of the Attorney General (AG) serves as legal advisor to nearly all state agencies, boards, and commissions and assists the county district attorneys of the state. The office consists of four bureaus: Government Affairs, Public Affairs, Criminal

Justice, and Consumer Protection. The Bureau of Government Affairs includes the Gaming Division, Transportation Division, and the Government and Natural Resources Division. The Bureau of Public Affairs includes the Business and Licensing Division, the Public Safety Division, and the Health and Human Services Division. The Bureau of Criminal Justice includes the Special Prosecution Unit, the Medicaid Fraud Control Unit, and the Workers' Compensation and Insurance Fraud Units. The AG's Administration Division includes the Chief of Personnel, Public Information Officer, Chief of Investigations, Chief Financial Officer, and Information Technology Manager.

The Executive Budget recommends total funding for the Office of the Attorney General of \$98.9 million, a 3.7 percent decrease from the amount legislatively approved for the 2007-09 biennium of \$102.6 million. The General Fund portion of the recommended budget for the 2009-11 biennium totals \$27.7 million, a 13.8 percent decrease from the legislatively-approved General Fund amount of \$32.1 million for the 2007-09 biennium.

The Governor recommends transferring the High Tech Crime account, which includes eight full-time positions, to the Administration account to provide better support for the investigative staff. The High Tech Crime account was approved by the 2007 Legislature to assist and train other state and local government agencies with computer-related crimes and investigations. The Administration account also includes the Tobacco unit, which provides staff and operating costs to increase the investigation and prosecution of individuals involved with counterfeit cigarettes, which may bear false manufacturing labels and/or counterfeit cigarette tax stamps. Funding for the Tobacco unit is transferred by the State Treasurer's Office from the Tobacco Master Settlement Agreement funds received by the state. The Executive Budget includes \$1.38 million over the 2009-11 biennium in transfer revenue from the State Treasurer to support the operations of the Tobacco unit within the Attorney General's Office, which is a 10.9 percent increase over the \$1.25 million legislatively approved for the 2007-09 biennium.

The AG Special Fund includes nuclear waste litigation expenses related to the Yucca Mountain waste site. The budget recommends a total of \$186,530 in General Fund support for these expenses in the 2009-11 biennium, a 91.1 percent decrease compared to the \$2,090,081 approved for the 2007-09 biennium.

No new positions are recommended in The Executive Budget for the Office of the Attorney General. The Governor recommends the elimination of two positions from the Insurance Fraud Unit and one position from the Workers' Compensation Fraud Unit as a result of declining insurance fraud assessment revenue. The Governor also recommends the transfer of two positions from the Consumer Advocate budget account to the Bureau of Criminal Affairs in the AG Administration account to address action taken by the 2007 Legislature to increase prosecutorial duties regarding mortgage fraud and elder protection, and due to the restructuring of the AG's office that occurred as a result of an audit by the National Association of Attorneys General. The Executive Budget also recommends the elimination of one position from the Victims of Domestic Violence budget account and recommends new court assessment revenue to support the remaining position in this account, due to the elimination of federal grant revenue.

## **CONTROLLER'S OFFICE**

The State Controller's Office maintains the state's accounting system, pays claims against the state, administers the state's debt collection program and publishes the annual financial statements. The Executive Budget recommends funding the office with General Fund appropriations of \$8,433,724 over the 2009-11 biennium, which represents a 7.8 percent decrease from the \$9,149,949 approved by the 2007 Legislature. The Executive Budget recommends eliminating one Administrative Assistant I position from the Controller's Office budget, which provides General Fund savings of \$36,923 in FY 2009-10 and \$37,443 in FY 2010-11. The Governor also recommends General Funds of \$98,437 over the biennium for replacement computer hardware and software, and \$960 in each year of the biennium for cell phone service for the Controller.

## **SECRETARY OF STATE**

The Secretary of State maintains records of all official acts of the Legislative and Executive Branches of government, receives business entity filings and keeps records of all corporations and limited partnerships in Nevada, and is the chief election official of the state. For the 2009-11 biennium, the Governor recommends General Fund appropriations totaling \$20.79 million, which is a 47.41 percent increase over the \$14.10 million approved by the 2007 Legislature for the 2007-09 biennium. However, a significant portion of this increase results from the redirection of Special Services revenues that are replaced with General Fund appropriations, as explained below.

Special Services Revenue Replacement – The Governor proposes to eliminate transfers to the Special Services account, which would consequently remove those revenues as a funding source in the main operating account. Under the plan, 100 percent of the Special Services revenues would be deposited directly to the General Fund. The lost revenues in the main operating account would be replaced with General Fund appropriations.

The proposal reflected in The Executive Budget would increase General Fund appropriations in the Secretary of State's budget by \$4.51 million in FY 2009-10 and \$4.57 million in FY 2010-11. However, the net impact to the General Fund would be less than these amounts. The transfer of Special Services revenues to the General Fund would partially offset the General Fund appropriations to the Secretary of State's main account. Because Special Services revenues have been declining in recent years, the net negative effect on the General Fund would be \$2.23 million in FY 2009-10 and \$2.75 million in FY 2010-11 (based on estimated Special Services revenue receipts of \$2.27 million in FY 2009-10 and \$1.82 million in FY 2010-11).

Continuation of Budget Reductions – During the current biennium, the Secretary of State eliminated funding for a total of 13.55 positions in the main operating account and 9.0 positions in the Investigations account (22.55 positions total). The Governor's

recommended budget continues the reductions, saving General Fund appropriations of \$841,964 in FY 2009-10 and \$848,698 in FY 2010-11.

Supplemental Appropriation – To address a shortfall in Special Services revenue receipts during FY 2008-09, the Governor recommends a supplemental appropriation of \$942,006. The recommended amount includes \$42,006 needed to replace Special Services revenues used to match a federal Help Americans Vote Act (HAVA) allocation of \$798,107.

General Fund in the HAVA Account – The recommended budget introduces General Fund appropriations totaling \$100 in each year of the biennium to provide the HAVA account access to the Interim Finance Committee Contingency Fund for potential grant match.

Combine Investigations and Enforcement with the Main Operating Account – As requested by the Secretary of State, the Governor proposes to eliminate the Investigations and Enforcements account (BA 1053) and to transfer all General Fund appropriations and fee revenues from that account to the main operating account.

## **STATE TREASURER**

The State Treasurer is responsible for the receipt and disbursement of all monies of the state, invests the state's idle cash, and handles the state's bond programs, including the municipal bond bank. The Treasurer is also responsible for administration of the Higher Education Tuition Trust; the Millennium Scholarship program; the College Savings program, and the Unclaimed Property Division, which was transferred to the Treasurer's Office from the Department of Business and Industry by the 2001 Legislature.

The Governor recommends \$2.4 million in state General Fund appropriation for the 2009-11 biennium compared to the \$3.1 million approved by the 2007 Legislature, a reduction of \$714,860, or 23.1 percent, in General Fund support when compared to the level approved for the 2007-09 biennium. The significant decrease primarily results from The Executive Budget's proposed revisions to the current biennium's allocation of costs within the Treasurer's main administrative account.

## **HIGHER EDUCATION TUITION ADMINISTRATION (PREPAID TUITION)**

The Nevada Higher Education Tuition program is a qualified IRS Section 529 plan that provides a method for Nevada's families to prepay tuition in advance of enrollment at an institution of higher education. The program was originally established through S.B. 271 of the 1997 Legislative Session and included a sunset provision at the end of FY 2000-01. Assembly Bill 554 of the 2001 Legislative Session retained the prepaid tuition program, which covers the costs of undergraduate tuition at a university, state college or community college within the Nevada System of Higher Education (NSHE) and up to an equal amount for undergraduate tuition at any public, private or

out-of-state eligible accredited institution in the United States. The Prepaid Tuition Administration account includes revenues and costs associated with administration of the program. Prepaid Tuition Trust Fund receipts and expenditures are not reflected in The Executive Budget.

The Higher Education Tuition Administration account was established and maintained with the assistance of General Fund appropriation loans totaling \$4.4 million (FY 1997-98 through FY 2002-03). The 2003 Legislature approved the Governor's recommendation to begin funding the Prepaid Tuition Administration account entirely with transfers from the Higher Education Tuition Trust Fund, and to initiate the repayment of the General Fund loans. Through FY 2007-08, the Higher Education Tuition Administration budget has repaid or reverted \$3.22 million to the General Fund. The agency anticipates the \$1.18 million loan balance will be repaid by the end of FY 2008-09. In FY 2007-08, 211 new pre-paid tuition accounts were opened. The Treasurer projects 300 new accounts being opened in each year of the 2009-11 biennium.

#### **MILLENNIUM SCHOLARSHIP ADMINISTRATION**

The Millennium Scholarship program was recommended by Governor Guinn and approved by the 1999 Legislature to increase the number of Nevada students who attend and graduate from Nevada institutions of higher education. In general, to be eligible for a Millennium Scholarship, a student must graduate from a high school in Nevada with at least a 3.25 grade-point average (raised from a 3.1 GPA beginning with the graduating class of 2007), pass all areas of the Nevada High School Proficiency Examination, and have been a resident of Nevada for at least two years of high school. Alternative eligibility paths have been established for students with a documented physical or mental disability or whose K-12 education was subject to an individualized education plan, and for those students who meet high school graduation eligibility without having graduated from a Nevada public or private high school. The scholarship can be applied to 12 credit hours per semester, with a total maximum award of \$10,000 per student. Students are required to maintain a 2.60 GPA each semester of the freshman year and then a 2.75 GPA for each subsequent semester in order to retain eligibility. Academic eligibility can be lost and restored once (two strikes and you are out). Program costs are paid from the Millennium Scholarship Trust Fund, which receives 40 percent of all money collected by the state of Nevada pursuant to the Tobacco Master Settlement agreement, as well as \$7.6 million annually from the Abandoned Property Trust Account. Trust Fund revenues are not reflected in The Executive Budget.

For the 2009-11 biennium, the Governor recommends eliminating the Millennium Scholarship Trust Fund as the revenue source to fund the scholarship program's administrative costs and, instead, recommends utilizing funds from the Nevada College Savings Trust Fund's endowment account. The Governor's recommendation to switch funding sources will save the Millennium Scholarship Trust Fund \$799,989 over the 2009-11 biennium.

## **UNCLAIMED PROPERTY**

The Unclaimed Property Division was established to ensure that all businesses and government entities report and remit unclaimed or abandoned property to the agency in a timely manner and to reunite the lawful owners or heirs with their property by promoting educational and public awareness programs. Unclaimed property consists of money and other personal assets that are considered lost or abandoned when an owner cannot be located after a specific period of time. At the end of each fiscal year, after \$7.6 million is transferred to the Millennium Scholarship Trust Fund, the balance of the money in the Abandoned Property Trust Account is required to be transferred to the state General Fund. The \$7.6 million transfer was suspended for FY 2008-09 as a budget reduction measure. However, the Governor recommends its reinstatement for the 2009-11 biennium.

## **ETHICS COMMISSION**

The Ethics Commission is responsible for receiving and investigating inquiries and complaints involving the ethical conduct of public officials and employees, providing ethical guidance through published opinions, and maintaining records of financial disclosure of candidates for public offices and officeholders.

Since the 2003 Legislative Session, the Commission's operating costs have been allocated between state and local governments based upon usage of the agency and the population of the local government. During the 2007-09 biennium, the Commission's budget was funded 60 percent by local governments and 40 percent by the state. The Executive Budget recommends that state responsibility be reduced to 35 percent of the Ethics Commission's budget, with the remaining 65 percent financed by local governments based on actual activity in fiscal years 2006-07 and 2007-08. The Governor recommends that General Fund support during the 2009-11 biennium decrease by 14.8 percent compared to levels approved during the current biennium, while local government support is recommended to increase by 2.5 percent.

## **LEGISLATIVE COUNSEL BUREAU**

The Legislative Counsel Bureau is the administrative support agency for the Nevada Legislature. The bureau includes the Administration Division, Legal Division, Research Division, Audit Division and Fiscal Analysis Division. The 2003 Legislature, through passage of S.B. 504, approved the transfer of the State Printing Office from the Department of Administration to the Legislative Counsel Bureau.

General Fund appropriations of \$27.5 million in FY 2009-10 and \$26.7 million in FY 2009-11 are included in The Executive Budget to support the operations of the Legislative Counsel Bureau during the 2009-11 biennium. This represents a reduction of approximately \$14.1 million, or 20.7 percent, when compared to the General Fund appropriations legislatively approved for the 2007-09 biennium.

## **JUDICIAL BRANCH**

The budgets of the Judicial Branch are included in The Executive Budget, but are not subject to review by the Governor, pursuant to NRS 353.246. Therefore, the Judicial Branch budgets presented in The Executive Budget represent the Judicial Branch's request without any adjustments by the Executive Budget Office.

The budgets of the Judicial Branch include funding for the Supreme Court, the Administrative Office of the Courts (AOC), the Judicial Programs and Services Division, and the Uniform System of Judicial Records (USJR). The budgets also include funding for the salaries, travel expenses and pension costs of district court judges; the continuing education requirements of judges, justices of the peace, municipal court judges and Supreme Court personnel; and the salaries and travel expenses of retired judges and justices who are recalled to active service by the Chief Justice to expedite judicial business. Also included in the judiciary budgets is funding for Specialty Courts throughout the state, the Supreme Court Law Library, the Commission on Judicial Selection, and the Commission on Judicial Discipline.

The Judicial Branch budgets are supported primarily through General Fund appropriations and court administrative assessments. Court administrative assessments are the fees charged to defendants in criminal and traffic cases. Other sources of funding include preemptory challenge fees (i.e., fees paid by attorneys or litigants to exclude particular judges in civil cases), filing fees, federal grants, and user fees.

For the 2009-11 biennium, the Judicial Branch sub-function of The Executive Budget includes funding of \$114.2 million, which is an 18.2 percent increase over the funding approved by the 2007 Legislature of \$96.6 million. Of this amount, state General Funds in the amount of \$56.5 million are requested, which represents a 13.0 percent increase over the \$50.0 million in state General Funds approved by the 2007 Legislature.

The Judicial Branch is requesting nine new positions for the 2009-11 biennium. Funding of \$1.5 million is requested over the biennium to fund the new positions. Of this amount, \$150,574 (10 percent) is requested in General Funds and \$1,352,102 (90 percent) will be provided from reductions to reserves. The new positions requested include: four positions for the AOC, including a Computer Network Specialist, a Personnel Analyst I, a Judicial Branch Auditor, and an Audio Visual Technician; one Administrative Assistant for the Judicial Programs and Services Division; two Court System Analysts for the USJR; one Program Specialist for Judicial Education; and one Legal Research Assistant for Judicial Discipline.

For Specialty Courts, the Judicial Branch is requesting authority to collect \$4.3 million in FY 2009-10 and \$4.6 million in FY 2010-11 in administrative assessments to support the programs, which is a 7 percent increase in FY 2009-10 and an additional increase of 7.0 percent in FY 2010-11. The 2003 Legislature added a \$7 administrative assessment to a misdemeanor conviction in justice and municipal court for the

continued operation of Specialty Courts statewide. The 2007 Legislature authorized the Specialty Courts to also receive 12 percent of the Judicial Branch's portion of general administrative assessments. The Judicial Branch is requesting general administrative assessments in the amount of \$2.0 million in FY 2009-10 and \$2.1 million in FY 2010-11 for the Specialty Courts program.

The Judicial Branch is requesting to transfer funds totaling \$992,323 from the Judicial Education program reserves to other Judicial Branch accounts. These transfers include: \$354,335 to the Judicial Programs and Services Division to offset personnel costs paid with General Funds; \$532,500 to the USJR to fund requested technology enhancements related to court integration; and \$105,488 to the Supreme Court to reduce General Funds requested for staff training.

To effectuate these fund transfers in the 2009-11 biennium and to provide the Judicial Branch with more flexibility in the future, the Judicial Branch is proposing a change to NRS 176.059 that would modify the allocation of administrative assessment revenue amongst Judicial Branch budget accounts. For the 51 percent share of total administrative assessment revenue allocated to the Judicial Branch, the proposal would eliminate the requirement to allocate 9 percent of assessment revenue to both the USJR and Judicial Education programs. The 18 percent reduced from these two programs would instead be added to the allocation for the AOC, thereby increasing the AOC's allocation of assessment revenue from 18.5 to 36.5 percent. The proposed modification would allow the AOC to allocate 36.5 percent of administrative assessment revenues as it deems necessary between the AOC, USJR, and Judicial Education programs.

The Judicial Branch is requesting funding of approximately \$2.5 million for information services related projects during the 2009-11 biennium. General Funds are requested in the amount of \$538,888 (21.5 percent) and authority to utilize administrative assessments and fees is requested in the amount of \$1,967,867 (78.5 percent). If approved, the funding would support the following projects: replace an e-mail server, a telephone switch, and computer hardware and software; continue implementation of server and network redundancy plans for disaster recovery; purchase drive arrays for data storage; continue the implementation of a web-based case management system; provide public access to non-sensitive case information and electronic payment of traffic fines; and continue the enhancement of the Nevada Court System and Multi-County Integrated Justice Information System for court integration.



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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>ELECTED OFFICIALS</b>						
<b>ELECTED OFFICIALS</b>						
<b>OFFICE OF THE GOVERNOR</b>	2,330,970	2,657,570	2,057,836	-22.57	2,063,685	.28
GENERAL FUND	2,500,842	2,540,415	2,057,836	-19.00	2,063,685	.28
BALANCE FORWARD	10,358	22,047				
INTER-AGENCY TRANSFER		95,108				
REVERSIONS	-180,230					
<b>GOVERNOR'S MANSION MAINTENANCE</b>	287,674	425,305	284,686	-33.06	346,409	21.68
GENERAL FUND	349,077	416,456	284,686	-31.64	346,409	21.68
INTER-AGENCY TRANSFER	2,901	8,849				
REVERSIONS	-64,304					
<b>GOVERNOR'S WASHINGTON OFFICE</b>	267,079	267,079	247,079	-7.49	247,079	.00
INTER-AGENCY TRANSFER	267,079	267,079	247,079	-7.49	247,079	
<b>HIGH LEVEL NUCLEAR WASTE</b>	6,958,868	5,954,018	6,930,097	16.39	6,930,813	.01
GENERAL FUND	2,486,782	1,473,667	1,422,003	-3.51	1,422,719	.05
BALANCE FORWARD	-933,026	1,292,366				
INTER-AGENCY TRANSFER	5,418,661	2,987,985	5,354,500	79.20	5,354,500	
OTHER FUND	170,239	200,000	153,594	-23.20	153,594	
REVERSIONS	-183,788					
<b>GOVERNOR'S OFFICE OF HOMELAND SECURITY</b>	510,475	3,740,698	485,499	-87.02	487,053	.32
GENERAL FUND	757,966	758,022	485,499	-35.95	487,053	.32
BALANCE FORWARD	-16,117	16,117				
INTER-AGENCY TRANSFER	40,000	2,322,779				
INTERIM FINANCE	55,655	288,780				
OTHER FUND		355,000				
REVERSIONS	-327,029					
<b>GOVERNOR'S OFFICE OF CONSUMER HEALTH ASSISTANCE</b>	797,680	1,071,562	72,145	-93.27		
GENERAL FUND	407,537	538,859				
BALANCE FORWARD	-24,931	88,858	72,145	-18.81		
INTER-AGENCY TRANSFER	53,942	73,289				
OTHER FUND	463,576	370,556				
REVERSIONS	-102,444					
<b>GOVERNOR'S OFFICE ENERGY CONSERVATION</b>	563,970	1,120,840	1,157,654	3.28	695,723	-39.90
GENERAL FUND	348,561	414,925	375,022	-9.62	383,865	2.36
BALANCE FORWARD		36,015				
FEDERAL FUND	347,342	529,619	775,000	46.33	279,000	-64.00
INTER-AGENCY TRANSFER		26,132				
OTHER FUND	25,000	114,149	7,632	-93.31	32,858	330.53
REVERSIONS	-156,933					
<b>LIEUTENANT GOVERNOR</b>	596,733	712,355	571,260	-19.81	597,298	4.56
GENERAL FUND	629,516	669,298	571,260	-14.65	597,298	4.56
INTER-AGENCY TRANSFER		43,057				
REVERSIONS	-32,783					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>AG - ADMINISTRATIVE FUND</b>	23,796,255	25,871,075	24,973,575	-3.47	25,036,043	.25
GENERAL FUND	10,998,638	13,164,060	11,632,842	-11.63	11,638,152	.05
BALANCE FORWARD	567,597	101,719			2,102	
INTER-AGENCY TRANSFER	12,396,128	11,350,051	12,089,231	6.51	12,138,454	.41
OTHER FUND	1,066,696	1,255,245	1,251,502	-.30	1,257,335	.47
REVERSIONS	-1,232,804					
<b>AG - HIGH TECH CRIME</b>	578,216	893,352				
GENERAL FUND	384,942	476,052				
INTER-AGENCY TRANSFER	428,104	399,433				
OTHER FUND	16,593	17,867				
REVERSIONS	-251,423					
<b>AG - SPECIAL FUND</b>	316,551	2,265,630	398,379	-82.42	398,629	.06
GENERAL FUND	217,418	2,030,712	217,480	-89.29	217,491	.01
INTER-AGENCY TRANSFER	99,133	234,918	180,899	-22.99	181,138	.13
<b>AG - MEDICAID FRAUD</b>	1,829,229	3,556,006	3,400,283	-4.38	3,476,884	2.25
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	-590,750	1,746,114	1,497,681	-14.23	1,588,171	6.04
FEDERAL FUND	1,414,435	1,463,434	1,542,179	5.38	1,528,290	-.90
OTHER FUND	1,005,542	346,358	360,323	4.03	360,323	
REVERSIONS	-98					
<b>AG - WORKERS' COMP FRAUD</b>	3,629,321	4,660,523	4,058,744	-12.91	4,112,434	1.32
BALANCE FORWARD	-39,549	416,958	354,306	-15.03	384,203	8.44
INTER-AGENCY TRANSFER	982,817	982,693	985,266	.26	985,266	
OTHER FUND	3,056,556	3,260,872	2,719,172	-16.61	2,742,965	.88
REVERSIONS	-370,503					
<b>AG - CONSUMER ADVOCATE</b>	4,114,135	6,049,500	5,542,790	-8.38	5,668,880	2.27
GENERAL FUND	1,514,928	1,528,250	1,205,135	-21.14	1,194,854	-.85
BALANCE FORWARD	-77,852	1,575,530	1,506,292	-4.39	1,558,504	3.47
INTER-AGENCY TRANSFER		80,435				
OTHER FUND	2,785,941	2,865,285	2,831,363	-1.18	2,915,522	2.97
REVERSIONS	-108,882					
<b>AG - CRIME PREVENTION</b>	270,692	292,056	268,041	-8.22	269,343	.49
GENERAL FUND	220,444	227,604	221,919	-2.50	223,221	.59
INTER-AGENCY TRANSFER	4,561	14,342				
OTHER FUND	51,224	50,110	46,122	-7.96	46,122	
REVERSIONS	-5,537					
<b>AG - ATTORNEY GENERAL TORT CLAIM FUND</b>	3,308,054	10,042,734	7,667,155	-23.65	8,417,778	9.79
BALANCE FORWARD	-793,949	5,887,145	2,716,201	-53.86	3,462,401	27.47
INTER-AGENCY TRANSFER	4,093,361	4,149,144	4,942,312	19.12	4,946,735	.09
OTHER FUND	8,642	6,445	8,642	34.09	8,642	
<b>AG - EXTRADITION COORDINATOR</b>	749,054	785,708	651,216	-17.12	649,490	-.27
GENERAL FUND	670,906	678,283	572,670	-15.57	570,944	-.30
INTER-AGENCY TRANSFER		8,925				
OTHER FUND	78,546	98,500	78,546	-20.26	78,546	
REVERSIONS	-398					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>AG - COUNCIL FOR PROSECUTING ATTORNEYS</b>	221,066	299,303	260,904	-12.83	252,637	-3.17
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	-5,976	29,914	51,802	73.17	44,176	-14.72
INTER-AGENCY TRANSFER	9,367	26,954				
OTHER FUND	217,678	242,335	209,002	-13.75	208,361	-.31
REVERSIONS	-103					
<b>AG - VICTIMS OF DOMESTIC VIOLENCE</b>	258,220	256,414	172,994	-32.53	166,983	-3.47
BALANCE FORWARD	27,253	786	6,453	720.99		
INTER-AGENCY TRANSFER	140,520	162,610				
OTHER FUND	90,447	93,018	166,541	79.04	166,983	.27
<b>AG - VIOLENCE AGAINST WOMEN GRANTS</b>	1,335,597	1,634,634	1,507,199	-7.80	1,507,382	.01
FEDERAL FUND	1,335,597	1,616,806	1,507,199	-6.78	1,507,382	.01
INTER-AGENCY TRANSFER		17,828				
<b>CONTROLLER'S OFFICE</b>	4,262,354	4,766,789	4,169,648	-12.53	4,264,076	2.26
GENERAL FUND	4,635,179	4,514,770	4,169,648	-7.64	4,264,076	2.26
BALANCE FORWARD	44,759	35,038				
INTER-AGENCY TRANSFER		215,789				
OTHER FUND	3,000	1,192				
REVERSIONS	-420,584					
<b>SECRETARY OF STATE</b>	10,045,768	10,700,339	10,732,965	.30	10,941,213	1.94
GENERAL FUND	4,691,108	4,827,583	10,291,585	113.18	10,498,960	2.01
BALANCE FORWARD	-151,580		112,103		112,103	
INTER-AGENCY TRANSFER		275,703				
OTHER FUND	5,513,564	5,597,053	329,277	-94.12	330,150	.27
REVERSIONS	-7,324					
<b>SOS - HAVA ELECTION REFORM</b>	2,105,728	7,684,265	5,845,803	-23.93	3,559,195	-39.12
GENERAL FUND			100		100	
BALANCE FORWARD	1,459,246	6,641,890	5,660,703	-14.77	3,425,095	-39.49
FEDERAL FUND	159,953	808,187	100,000	-87.63	100,000	
OTHER FUND	486,529	234,188	85,000	-63.70	34,000	-60.00
<b>SOS - INVESTIGATIONS AND ENFORCEMENTS</b>	2,244,271	2,948,779				
GENERAL FUND	2,221,520	2,363,684				
BALANCE FORWARD	72,466	348,669				
OTHER FUND	325,135	236,426				
REVERSIONS	-374,850					
<b>STATE TREASURER</b>	2,311,572	2,674,850	2,451,922	-8.33	2,570,919	4.85
GENERAL FUND	1,570,713	1,526,987	1,199,495	-21.45	1,183,345	-1.35
BALANCE FORWARD	-20,729					
INTER-AGENCY TRANSFER	170,642	271,340	581,737	114.39	580,203	-.26
OTHER FUND	934,672	876,523	670,690	-23.48	807,371	20.38
REVERSIONS	-343,726					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>TREASURER HIGHER EDUCATION TUITION ADMINISTRATION</b>	2,531,233	1,610,351	436,831	-72.87	452,724	3.64
INTER-AGENCY TRANSFER	2,188,014	1,160,576				
OTHER FUND	343,219	449,775	436,831	-2.88	452,724	3.64
<b>MILLENNIUM SCHOLARSHIP ADMINISTRATION</b>	382,992	460,153	399,963	-13.08	400,026	.02
OTHER FUND	382,992	460,153	399,963	-13.08	400,026	.02
<b>UNCLAIMED PROPERTY</b>	1,098,418	1,284,033	1,325,809	3.25	1,352,955	2.05
OTHER FUND	1,098,418	1,284,033	1,325,809	3.25	1,352,955	2.05
<b>NEVADA COLLEGE SAVINGS TRUST</b>	2,438,371	5,654,518	418,855	-92.59	419,329	.11
BALANCE FORWARD	-269,902	4,189,933				
INTER-AGENCY TRANSFER			30,989		31,069	.26
OTHER FUND	2,708,273	1,464,585	387,866	-73.52	388,260	.10
<b>BOND INTEREST &amp; REDEMPTION</b>	182,670,296	370,373,560	440,031,353	18.81	462,938,007	5.21
BALANCE FORWARD	-37,247,801	164,737,265	202,297,866	22.80	214,634,760	6.10
INTER-AGENCY TRANSFER	6,067,284	5,735,092	5,679,732	-.97	5,654,237	-.45
OTHER FUND	213,850,813	199,901,203	232,053,755	16.08	242,649,010	4.57
<b>MUNICIPAL BOND BANK REVENUE</b>	41,216,938	69,581,290	30,617,938	-56.00	30,832,306	.70
BALANCE FORWARD	-12,482	12,483				
OTHER FUND	41,229,420	69,568,807	30,617,938	-55.99	30,832,306	.70
<b>MUNICIPAL BOND BANK DEBT SERVICE</b>	41,177,071	69,692,190	30,774,730	-55.84	30,987,194	.69
INTER-AGENCY TRANSFER	41,173,298	69,515,042	30,597,582	-55.98	30,810,046	.69
OTHER FUND	3,773	177,148	177,148		177,148	
<b>ETHICS COMMISSION</b>	637,763	704,046	685,984	-2.57	687,249	.18
GENERAL FUND	250,991	256,570	215,960	-15.83	216,416	.21
BALANCE FORWARD	9,591					
INTER-AGENCY TRANSFER		10,061				
OTHER FUND	390,428	437,415	470,024	7.45	470,833	.17
REVERSIONS	-13,247					
<b>TOTAL ELECTED OFFICIALS</b>	345,842,614	620,691,525	588,599,337	-5.17	610,729,736	3.76
GENERAL FUND	34,857,268	38,406,397	34,923,340	-9.07	35,308,788	1.10
BALANCE FORWARD	-37,993,374	187,178,847	214,275,552	14.48	225,211,515	5.10
FEDERAL FUND	3,257,327	4,418,046	3,924,378	-11.17	3,414,672	-12.99
INTER-AGENCY TRANSFER	73,535,812	100,435,214	60,689,327	-39.57	60,928,727	.39
INTERIM FINANCE	55,655	288,780				
OTHER FUND	276,306,916	289,964,241	274,786,740	-5.23	285,866,034	4.03
REVERSIONS	-4,176,990					

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	<b>2007-2008 Actual</b>	<b>2008-2009 Work Program</b>	<b>2009-2010 Governor Recommends</b>	<b>% Change</b>	<b>2010-2011 Governor Recommends</b>	<b>% Change</b>
<b>ELECTED OFFICIALS</b>						
GENERAL FUND	34,857,268	38,406,397	34,923,340	-9.07	35,308,788	1.10
BALANCE FORWARD	-37,993,374	187,178,847	214,275,552	14.48	225,211,515	5.10
FEDERAL FUND	3,257,327	4,418,046	3,924,378	-11.17	3,414,672	-12.99
INTER-AGENCY TRANSFER	73,535,812	100,435,214	60,689,327	-39.57	60,928,727	.39
INTERIM FINANCE	55,655	288,780				
OTHER FUND	276,306,916	289,964,241	274,786,740	-5.23	285,866,034	4.03
REVERSIONS	-4,176,990					
<b>TOTAL FOR ELECTED OFFICIALS</b>	<b>345,842,614</b>	<b>620,691,525</b>	<b>588,599,337</b>	<b>-5.17</b>	<b>610,729,736</b>	<b>3.76</b>
Less: INTER-AGENCY TRANSFER	73,535,812	100,435,214	60,689,327	-39.57	60,928,727	.39
<b>NET ELECTED OFFICIALS</b>	<b>272,306,802</b>	<b>520,256,311</b>	<b>527,910,010</b>	<b>1.47</b>	<b>549,801,009</b>	<b>4.15</b>



## **FINANCE AND ADMINISTRATION**

Finance and Administration includes those agencies that generally control, coordinate, assist and provide services to other agencies and programs in state government. These agencies include the Department of Administration, which includes the Budget Division, Internal Audit, Insurance Loss and Prevention, Purchasing, Buildings and Grounds, Hearings Division, Motor Pool; the State Public Works Board; the Department of Taxation; the Department of Personnel; and the Department of Information Technology.

The Governor has recommended General Fund appropriations for the Finance and Administration function totaling \$38.0 million in FY 2009-10 and \$34.2 million in FY 2010-11. After excluding salary adjustments and information technology projects in each biennium, General Fund appropriations are recommended to decrease by 17.2 percent in FY 2009-10 compared to FY 2008-09 and increase by 0.7 percent in FY 2010-11. The budget recommendations for all funding sources total \$101.1 million in FY 2009-10 and \$98.3 million in FY 2010-11 after interagency transfers are deducted.

### **DEPARTMENT OF ADMINISTRATION**

#### **BUDGET AND PLANNING DIVISION**

The Budget and Planning Division provides policy direction, management oversight, training, and coordinated planning for state agencies. The division's primary duties are to prepare The Executive Budget and to provide staff support to the State Board of Examiners and the Economic Forum.

The Executive Budget recommends \$6.92 million to fund the operations of the Budget and Planning Division during the 2009-11 biennium, representing an 11 percent decrease from the \$7.78 million approved for the 2007-09 biennium. Aside from the approximate \$850,000 in revenue over the 2009-11 biennium recommended by the Governor for the Budget Director's cost allocation, this account is funded entirely with General Funds. The Governor recommends the elimination of a vacant Public Service Intern position, for a savings of \$93,115 over the 2009-11 biennium.

#### **INFORMATION TECHNOLOGY DIVISION**

The Information Technology Division provides budgetary oversight of designated large information technology projects for state agencies and provides a budgetary perspective to statewide information technology issues. In addition, the division provides operational oversight of the Integrated Financial System (IFS), the Nevada Executive Budget System, and the Enterprise Electronic Payment System and direct project management of Department of Administration information technology projects.

The Executive Budget recommends funding of two information technology (IT) projects for the 2009-11 biennium that will be overseen by the Information Technology Division. The funding for these projects consists of one-time appropriations totaling \$8.2 million from the General Fund and \$3.8 million in pass-through of federal funding from the user agencies. The projects recommended for funding include:

- Enhancements to the Division of Welfare and Supportive Services eligibility operations data systems, funded with \$7.6 million from the General Fund and \$2.3 million in federal funds.
- Takeover of the existing Medicaid Management Information System from its private vendor developer and state Medicaid fiscal agent, First Health Services Corporation, and initiation of the planning stages of the system's replacement process, funded with \$499,878 from the General Fund and \$1.5 million in federal funds.

The Governor recommends the elimination of two of the division's three positions, a vacant IT Manager and a vacant Administrative Assistant position, leaving only the division Administrator position. The Governor also recommends the transfer of server hosting costs from the division to the Division of Budget and Planning and the transfer of costs related to the operation of the IFS training rooms in Carson City to the Department of Personnel.

#### **INSURANCE AND LOSS PREVENTION DIVISION**

The Insurance and Loss Prevention Division (Risk Management) has two major areas of responsibility:

- Insurance and Loss Prevention – Provides the administration of the large deductible property insurance program; the self-funded automobile physical liability program; the purchase and management of commercial insurance policies; and training, technical assistance and loss prevention information to agency management and representatives.
- Workers' Compensation – Negotiates, purchases, and provides oversight of the workers' compensation insurance program; provides coordination and oversight of the statewide safety program; and promotes and adopts loss prevention programs to minimize risk.

For the 2009-11 biennium, The Executive Budget recommends expenditures, not including reserves, in the amount of \$46.08 million, a decrease of 4.7 percent from the legislatively-approved amount of \$48.36 million for the 2007-09 biennium. Funding for the division is provided by insurance premiums assessed to state agencies. The Executive Budget projects increases and decreases of insurance premiums and claims costs for the following lines of insurance:



Line of Insurance	2007-08 Actual	2008-09 Work Program	2009-10 Gov Rec	% Increase/ Decrease over Actual	2010-11 Gov Rec	% Increase/ Decrease over Gov Rec
Property and Contents, Aviation, Boiler and Machinery, and Miscellaneous insurance	\$1,717,509	\$2,012,484	\$1,812,248	4.71%	\$1,901,364	4.92%
Workers' Compensation	\$14,481,210	\$20,193,885	\$19,167,829	32.36%	\$19,075,537	-0.48%
Note: The Insurance and Loss Prevention Division negotiated a lower premium cost for property and content and Aviation insurance, resulting in a \$419,015 decrease in FY 2008 which was utilized for budget reduction savings						

The Governor recommends the following rate changes, compared to the rates in the current biennium. The workers compensation rate is assessed as a percentage of gross salaries by the Insurance and Loss Prevention Division to state agencies (up to \$36,000 salary per employee, per calendar year). Property and contents insurance is for buildings, computers, watercraft, and other small equipment, per \$1 insured, and the automobile compensation/collision insurance is per vehicle, per year.

Line of Insurance	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Increase (Decrease) over Actual
Workers' Comp	2.25%	2.60%	2.73%	2.73%	21.3%
Property and Contents	0.00180	0.00180	0.00121	0.00121	(32.8%)
Auto Comp/Collision	\$136	\$136	\$88	\$88	(35.3%)

### **INTERNAL AUDITS DIVISION**

The Division of Internal Audits conducts audits on state agencies to help identify ways to improve operational efficiency and ensure effective internal controls within state government. The audits are presented to the Executive Branch Audit Committee, which includes the Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Controller, Attorney General and a member of the public. The division is comprised of three sections: the Internal Audits section, which provides solutions to improve the efficiency and effectiveness of Executive Branch agencies; the Financial Management section, which reviews Executive Branch agencies' internal controls and provides training to ensure effective financial administration; and the Post Review section, which samples Executive Branch agency transactions for compliance with laws, regulations, guidelines, and contracts. The budget is funded entirely with General Funds.

The Executive Budget recommends \$3.66 million to fund the operations of the Division of Internal Audits, representing a 20.8 percent decrease from the \$4.62 million approved for the 2007-09 biennium. The Governor recommends the elimination of 3 vacant Auditor I positions, and 1 vacant Auditor II position, for a savings of \$572,326 over the 2009-11 biennium.

## **STATE MOTOR POOL**

The Motor Pool Division is responsible for the administration of the state's vehicle fleet and currently maintains and services approximately 860 vehicles. State agencies have access to vehicles in Carson City, Reno and Las Vegas, with service and maintenance of the vehicles provided at all three facilities. Funding for the division is primarily generated from vehicle rental charges. The Governor recommends a \$10.4 million budget for the State Motor Pool, not including reserves, over the 2009-11 biennium, which is essentially equal to the budget approved for the 2007-09 biennium.

The Governor recommends no change to the daily vehicle rental rate for all lines of vehicles.

The Executive Budget recommends a \$3 increase in the monthly vehicle rate for compact vehicles, an \$85 increase in the monthly vehicle rate for luxury vehicles (3/4-ton and 1-ton trucks, full-size vans, SUVs, Suburbans), and a \$16-\$27 decrease in the monthly vehicle rate for intermediate, full size and premium vehicles, as compared to the rates for the 2007-09 biennium.

As a result of increased fuel costs, the State Motor Pool in FY 2009 increased the per-mile rate by four cents for each vehicle type. The Governor recommends that the FY 2009 revised rates continue for all vehicle types over the 2009-11 biennium, except for premium and full-size vehicles which are recommended for a seven-cent increase and luxury vehicles, which are recommended for a six-cent increase from the fiscal year 2009 rates.

The Executive Budget recommends 124 replacement vehicles (59 in FY 2010 and 65 in FY 2011) for state agencies and the State Motor Pool fleet, and 9 new vehicles to be purchased in FY 2010 for state agencies, for a total cost, including operating, of \$3,478,308. The vehicles are purchased through funds realized from vehicle disposals, insurance recoveries, and depreciation allowances. The Executive Budget does not include a one-time General Fund appropriation for new state agency vehicles, as has typically been recommended in previous biennia.

The Executive Budget includes a recommendation to eliminate a vacant part-time Student Worker position, for a savings of \$15,630 over the 2009-11 biennium.

## **STATE PURCHASING DIVISION**

The Purchasing Division is responsible for assisting state agencies and political subdivisions with the procurement of quality supplies, equipment and services at a reasonable cost. Purchasing is a non-General Fund agency whose funding primarily comes from an assessment on Executive Branch agencies. For the 2009-11 biennium, The Executive Budget includes a recommendation to eliminate three positions (one Purchasing Technician and two Management Analysts) in order to meet targeted budget reductions for the upcoming biennium. Salary and personnel cost savings resulting from these position eliminations are \$157,814 in FY 2010 and \$159,315 in FY 2011.

## **BUILDINGS AND GROUNDS DIVISION**

The Buildings and Grounds Division (B&G) provides physical maintenance, housekeeping and security for most state-owned and leased buildings. The B&G also provides office space for state agencies in non-state-owned space by soliciting and negotiating leases in privately-owned facilities when state-owned space is not available.

The primary source of funding for B&G is rent charged to state agencies for the use of state-owned building space. Rents collected by the division are recommended to total approximately \$31.4 million over the 2009-11 biennium, a decrease of .06 percent from the \$31.6 million approved for the 2007-09 biennium. The rental rate charged per square foot of office space is recommended to decrease for the 2009-11 biennium to \$1.02, or by 6.4 percent, from the \$1.09 per square foot amount approved for the 2007-09 biennium. The reduced rental rate is due to recommended expenditure reductions for B&G.

The Executive Budget recommends \$146,278 in the 2009-11 biennium for building maintenance and renovation projects funded through building rent revenue. In addition, the Governor recommends \$782,914 for maintenance and utilities costs that will be necessary for the new Campos Building in Las Vegas that is proposed to be occupied during the 2009-11 biennium.

## **STATE PUBLIC WORKS BOARD**

The State Public Works Board (SPWB), which had its membership reconstituted with the approval of Senate Bill 387 by the 2007 Legislature, includes seven members, consisting of five members appointed by the Governor and one member each appointed by the Majority Leader of the Senate and the Speaker of the Assembly. Board members are required to have certain background and experience in the construction trade and serve at the pleasure of their respective appointing authority. The SPWB, through its operational staff, is responsible for developing the recommended Capital Improvement Program (CIP), the advance planning, design, and construction of the projects included in the approved CIP, and the provision of architectural and engineering services to all state agencies.

Total funding from the General Fund for the 2009-11 biennium is recommended to decrease to \$713,712 from the \$2.1 million approved for the 2007-09 biennium, or by approximately 66 percent. Total funding from project management and inspection fees collected from the CIP is recommended to decrease by 7.9 percent from the \$16.4 million approved for the 2007-09 biennium to \$15.1 million during the 2009-11 biennium.

The Executive Budget recommends the transfer of six positions from the SPWB Administration account to the SPWB Inspection account. The positions recommended for transfer include: the SPWB Manager, the Deputy Manager for Fiscal and

Administrative Services, the Deputy Manager for Professional Services, an IT Professional, and two Administrative Assistants. The Governor recommends funding the six positions that would be transferred primarily with project management and inspection fees collected from the CIP in the Inspection account, which reduces General Fund appropriations in the Administration account by approximately \$1.4 million over the 2009-11 biennium.

In addition, the Governor recommends the elimination of 12 vacant positions, including 5 Building Construction Inspectors and 7 Project Manager positions in the Inspection account. The recommendation provides for the majority of the reduction proposed for the Inspection account.

## **DEPARTMENT OF TAXATION**

The Department of Taxation is responsible for the administration of the majority of the state's non-gaming tax laws, as well as the Local Government Budget Act. In FY 2007-08, gross revenue collected by the Department of Taxation was \$4.63 billion, a decrease of \$174.2 million, or 3.62 percent, below FY 2006-07 revenue collections. General Fund revenues collected by the department as compared to projections for FY 2007-08 are noted as follows:

Revenue Source	Fiscal Year 2007-08		Dollar Change	Percent
	Projected	Actual		
Mining Taxes	\$ 22,873,000	\$ 35,131,075	\$ 12,258,075	53.6%
Sales & Use Taxes	\$ 1,086,457,000	\$ 985,739,728	\$ (100,717,272)	-9.3%
Live Entertainment Tax - Non-Gaming	\$ 9,561,248	\$ 10,181,962	\$ 620,714	6.5%
Insurance Premium Taxes	\$ 291,014,000	\$ 257,367,094	\$ (33,646,906)	-11.6%
Liquor Tax	\$ 40,589,000	\$ 39,434,816	\$ (1,154,184)	-2.8%
Cigarette Tax	\$ 115,700,000	\$ 110,418,288	\$ (5,281,712)	-4.6%
Other Tobacco Tax	\$ 9,407,000	\$ 8,840,580	\$ (566,420)	-6.0%
Business License Fee	\$ 19,404,000	\$ 19,566,390	\$ 162,390	0.8%
Business License Tax	\$ 50,000	\$ 13,983	\$ (36,017)	-72.0%
Modified Business Tax - Non-Financial	\$ 276,292,000	\$ 263,902,120	\$ (12,389,880)	-4.5%
Modified Business Tax - Financial	\$ 24,277,000	\$ 20,698,297	\$ (3,578,703)	-14.7%
Branch Bank Excise Tax	\$ 3,047,000	\$ 3,142,650	\$ 95,650	3.1%
Gov. Services Fee (Short-Term Lessor Fee)	\$ 29,517,000	\$ 29,792,195	\$ 275,195	0.9%
Real Property Transfer Tax	\$ 124,166,000	\$ 85,882,799	\$ (38,283,201)	-30.8%
<b>Total General Fund Revenues Collected</b>	<b>\$ 2,052,354,248</b>	<b>\$ 1,870,111,977</b>	<b>\$(182,242,271)</b>	<b>-8.9%</b>

Note: With exception of Live Entertainment Tax-Non-Gaming, projected amounts are from 2007-08 and 2008-09 Appropriations Report.

Live Entertainment Tax - Non-Gaming is May 1, 2007 Economic Forum projection adjusted <\$104,752> for A.B. 487 of 2007 Legislature.

The Governor's recommended budget for the 2009-11 biennium provides General Fund support to the Department of Taxation in the amount of \$51.7 million, a decrease of \$9.1 million over the \$60.8 million approved for the 2007-09 biennium. The 2007-09 appropriations included one-time funding of \$3.67 million for the final development of the Unified Tax System (UTS) project begun in the 2003-05 biennium. An additional \$679,565 in one-time funding was approved for the 2007-09 biennium for the replacement of computer and office equipment department-wide. The Executive Budget

recommends \$1.44 million in FY 2009-10 and \$1.50 million in FY 2010-11 to restore 23.0 positions held vacant during the 2007-09 biennium for budget reduction purposes. The Governor also recommends the elimination of 6.51 positions for the biennium, reducing the department total to 328.0 positions.

#### **TAXPAYER SERVICES TELEPHONE CALL CENTER**

For the 2009-11 biennium, The Executive Budget recommends the reclassification of ten existing, but vacant, Auditor positions to staff a new Taxpayer Services Telephone Call Center to improve the department's timeliness in responding to taxpayers' questions and requests for assistance. In FY 2007-08, the department responded to 54.76 percent of all taxpayers' telephone inquiries within five days. Through the Call Center, the department expects to respond to 100 percent of taxpayers' calls within five days. As recommended by the Governor, the Call Center would be based in Carson City and operate Monday through Friday, 8:00 a.m. to 5:00 p.m. To negate long-distance charges to callers, a local "702" area code telephone number would be established for residents of Clark County, while a "775" area code telephone number would be established for the rest of the state.

#### **UNIFIED TAX SYSTEM PROJECT**

With completion of the development phase of the department's Unified Tax System (UTS) project, The Executive Budget recommends transitioning to an in-house maintenance and support phase. In connection with the transition, the Governor recommends \$510,304 over the 2009-11 biennium in General Fund support for a new Database Administrator position and contract services to ensure department staff are fully trained as the transition to in-house maintenance and support is completed. Additionally, the Governor recommends \$600,766 in annual ongoing UTS software licensing expenditures.

The Executive Budget recommends General Fund appropriations totaling \$2.64 million over the 2009-11 biennium to continue outsourcing the data entry and document scanning/imaging functions to the lockbox service vendor and to fund electronic payment fees for credit cards, e-check, and debit cards.

#### **DEPARTMENT OF INFORMATION TECHNOLOGY**

The Department of Information Technology (DoIT) provides state agencies of the Executive Branch with a centralized source of information technology-related services. Services provided include programming, planning, database management, computing, and communications. The Executive Budget recommends total funding for the department in the amount of \$29.0 million in FY 2009-10, which represents a decrease of 12.6 percent from the FY 2008-09 approved level. Funding of \$28.5 million is recommended in FY 2010-11, representing a decrease of 1.7 percent from FY 2009-10.

## **DIRECTOR'S OFFICE**

The Director's Office provides administrative, financial management, billing, clerical, and personnel support to the functional divisions in the department. The Executive Budget recommends the transfer of two Information Technology (IT) Professional positions to the Director's Office budget from the Planning and Research Division as part of the dissolution of that division (see below). One Administrative Assistant position is recommended to be eliminated from the Director's Office as a budget reduction measure. Debt service payments related to a capital improvement project that added secure card access system readers to department facilities (CIP 03-M46) are recommended to be transferred to the department's Security Division. Also, replacement desktop and laptop computers and printers are recommended for replacement at a cost of \$11,952 in FY 2009-10 and \$7,930 in FY 2010-11.

## **APPLICATION DESIGN AND DEVELOPMENT DIVISION**

The Application Design and Development Division is responsible for application development and maintenance programming, production support, web page support, and database development and administration. The Executive Budget recommends the transfer of two IT Professional positions from the Department of Transportation to support the hardware and operations of the consolidated Integrated Financial System (IFS), which is now maintained by DoIT. One Management Analyst position is also recommended to be transferred from the Planning and Research Division to support growth in the department's web development unit. Funding for server hosting services on hardware added during the 2007-09 biennium is recommended, as well as replacement laptop computers and related software.

## **PLANNING AND RESEARCH DIVISION**

The Planning and Research Division has historically assisted state agencies in planning for information technology projects, including acquiring and evaluating cost estimates for information technology alternatives and developing budget requests. In addition, the division has been responsible for developing the department's strategic information technology plan and capacity plan and supporting the statewide information technology policy committees.

The Governor recommends the elimination of the Planning and Research Division in the 2009-11 biennium, which includes the elimination of seven vacant IT Professional positions and the transfer of two IT Professional positions to the Director's Office and one Management Analyst position to the Application Design and Development Division. The department indicates that the elimination of this division is intended to streamline department operations by having planning functions performed by existing division managers and coordinated by one IT Professional position in the Director's Office. The recommended changes would eliminate approximately \$1.1 million per year in agency expenses and transfer \$400,000 per year to other department units in the 2009-11 biennium. Server hosting expenses, contract research subscriptions, and replacement desktop and laptop computers are recommended as enhancements in this

budget, but are all recommended to be transferred to other DoIT divisions or partially eliminated (replacement equipment) if the elimination of the division is approved by the Legislature.

### **COMPUTING DIVISION**

The Computing Division is responsible for managing, operating, and supporting the state's mainframe server, Internet servers, and application servers in a secure 24/7 environment. Staff provides computer operation and production services, server systems software support, tape library management, disk storage management, help-desk services, data security functions, printing services, server maintenance, Internet infrastructure monitoring and maintenance, web application hosting, e-mail management, and disaster recovery services.

The Executive Budget recommends the elimination of three vacant IT Professional positions and one vacant IT Technician position due to new staffing efficiencies developed in the division and low projected growth in services. New network hardware is recommended to support the Division of Welfare and Supportive Services' (DWSS) Technology Investment Request (TIR) to enhance the welfare eligibility system. The new hardware has a cost of \$325,159 in FY 2009-10 and \$8,660 in FY 2010-11, but will be needed only if the DWSS TIR project is approved.

Additional server and user software licenses are recommended to support projected growth of the state e-mail system. Additional port capacity is recommended to meet customer demand for access to the enterprise storage area network (SAN). Also, four large and two medium agency servers are recommended for replacement at a cost of \$28,215 in each year of the 2009-11 biennium.

### **DATA COMMUNICATIONS AND NETWORK ENGINEERING**

The Data Communications and Network Engineering unit of the Communications Division is responsible for developing, maintaining, and operating the statewide data communications infrastructure. This includes the state's wide-area network (Silvernet) that provides Internet access and data communication lines for state agencies. The agency supports over 8,500 network nodes (personal computers, servers, network devices) in over 150 locations throughout the state.

The Executive Budget recommends the elimination of one vacant IT Professional position and one existing IT Technician position due to new staffing efficiencies developed by the division and low projected growth in services. A microwave radio link system is recommended to provide wireless connectivity to the state Silvernet and the internet for state agencies in Carson City, at a cost of \$64,960 in FY 2009-10, with no budgeted ongoing costs. The system could replace approximately 56 T-1 lines that state agencies currently use to connect, and the department estimates that the system would pay for itself through cost savings to the state. Eight network security devices that provide border and intranet firewall protection are recommended to be replaced at a cost of \$81,088 in FY 2009-10 and \$103,466 in FY 2010-11.

### **TELECOMMUNICATIONS UNIT**

The Telecommunications unit of the Communications Division is responsible for developing, operating and maintaining a statewide telephone network, which integrates state-owned PBX switches and commercial telephone service. The unit provides services for state phone lines, voicemail, toll-free service, phone credit cards, voice system administration, conference calling, and state telephone operators. The Executive Budget recommends \$25,000 in FY 2009-10 for the replacement of a survivable phone system processor at the Department of Motor Vehicles in Carson City. The existing equipment has reached the end of its manufacturer's supported life.

### **NETWORK TRANSPORT SERVICES UNIT**

The Network Transport Services unit of the Communications Division, previously named the Communications Systems unit, is responsible for the installation, operation and maintenance of the state microwave system and remote communication sites. The unit provides site space rental, microwave channel rental, DS1 circuits, and site power recovery. The Executive Budget recommends \$17,173 in FY 2009-10 and \$20,870 in FY 2010-11 for remote propane level detectors and microwave transmission test sets to support the maintenance of the microwave system. Also recommended are replacement laptop computers with software, two replacement trucks, and replacement batteries and chargers for a mountaintop microwave site, at a cost of \$26,533 in FY 2009-10 and \$92,067 in FY 2010-11.

### **SECURITY DIVISION**

The department's Security Division, named the Office of Information Security, supports the state information infrastructure through standardizing security policy, ensuring compliance with security procedures, and mitigating vulnerabilities to networks and systems. The Executive Budget recommends the establishment of a new service rate to recoup costs associated with the consolidation of building secure access systems within DoIT. The projected costs total approximately \$43,000 per year in the 2009-11 biennium, and the department has identified nine customer agencies, in addition to DoIT's internal units, that would pay the new rate. Also recommended is the elimination of one vacant IT Professional position to meet the department's budget reduction requirements.

### **DEPARTMENT OF PERSONNEL**

For each year of the 2009-11 biennium, The Executive Budget recommends expenditures, not including reserves, in the amount of \$10.1 million, a decrease of 19.9 percent over the legislatively-approved amounts for the 2007-09 biennium. The Department of Personnel is funded by assessments to state agencies for personnel and payroll services. The Governor recommends a decrease in the personnel assessment from 0.89 percent of employee gross salaries, as approved for FY 2008-09 by the 2007 Legislature, to 0.78 percent in each year of the 2009-11 biennium. The personnel



assessment funds the costs of recruitment, examining, classification, and training that the Department of Personnel performs. Elected and unclassified salaries are not charged this assessment.

The Governor also recommends a decrease in the payroll assessment from 0.29 percent of employee gross salaries, as approved for FY 2008-09 by the 2007 Legislature, to 0.21 percent in each year of the 2009-11 biennium. The payroll assessment funds the cost of operating the payroll section of the department and is charged to agencies for which central payroll provides the payroll services.

The Governor recommends eliminating 1.51 vacant positions from the Department of Personnel: a full-time Administrative Assistant and a half-time Compliance Investigator, for a total savings of \$70,020 in FY 2009-10 and \$71,063 in FY 2010-11.

The Executive Budget recommends funding of \$88,261 over the biennium for replacement office furniture and computer hardware and software. In addition, The Executive Budget further recommends transferring rent expenditures associated with a training room currently leased by the Department of Administration, Information Technology Division to the Department of Personnel. The transfer would provide a total of \$21,579 in General Fund savings over the 2009-11 biennium.



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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>FINANCE &amp; ADMINISTRATION</b>						
<b>DEPARTMENT OF ADMINISTRATION</b>						
<b>BUDGET AND PLANNING</b>						
GENERAL FUND	3,371,100	4,200,945	3,231,603	-23.07	3,695,824	14.37
INTER-AGENCY TRANSFER	3,185,221	3,636,631	2,808,180	-22.78	3,268,735	16.40
REVERSIONS	421,915	564,314	423,423	-24.97	427,089	.87
	-236,036					
<b>JUDICIAL COLL &amp; COLL OF JUVENILE &amp; FAMILY JUSTICE</b>						
GENERAL FUND	375,000	375,000	322,050	-14.12	322,050	.00
	375,000	375,000	322,050	-14.12	322,050	
<b>GENERAL FUND SALARY ADJUSTMENTS</b>						
GENERAL FUND	10,998,726	33,462,325				
REVERSIONS	14,184,072	33,462,325				
	-3,185,346					
<b>HIGHWAY FUND SALARY ADJUSTMENT</b>						
HIGHWAY FUND	152,833	5,225,230				
REVERSIONS	1,675,186	5,225,230				
	-1,522,353					
<b>ADMINISTRATION - ADMINISTRATIVE SERVICES</b>						
BALANCE FORWARD	1,297,400	1,766,356	1,797,804	1.78	1,877,536	4.43
INTER-AGENCY TRANSFER	40,347	423,861	272,796	-35.64	352,528	29.23
	1,257,053	1,342,495	1,525,008	13.60	1,525,008	
<b>MERIT AWARD BOARD</b>						
GENERAL FUND		5,000	4,294	-14.12	4,294	.00
REVERSIONS	5,000	5,000	4,294	-14.12	4,294	
	-5,000					
<b>INFORMATION TECHNOLOGY DIVISION</b>						
GENERAL FUND	955,960	1,041,858	625,469	-39.97	624,161	-.21
INTER-AGENCY TRANSFER	1,007,022	1,000,744	625,469	-37.50	624,161	-.21
REVERSIONS	21,774	41,114				
	-72,836					
<b>INFORMATION TECHNOLOGY PROJECTS</b>						
GENERAL FUND	2,557,609	10,822,249	8,634,439	-20.22	3,349,136	-61.21
BALANCE FORWARD			6,127,357		2,022,312	-67.00
INTER-AGENCY TRANSFER	5,269,991	10,822,249				
REVERSIONS	22,067		2,507,082		1,326,824	-47.08
	-2,734,449					
<b>INSURANCE &amp; LOSS PREVENTION</b>						
BALANCE FORWARD	18,155,151	34,765,938	29,795,292	-14.30	27,347,246	-8.22
INTER-AGENCY TRANSFER	-48,592	12,040,580	10,068,510	-16.38	6,759,955	-32.86
OTHER FUND	17,865,756	22,602,568	19,607,460	-13.25	20,467,969	4.39
	337,987	122,790	119,322	-2.82	119,322	
<b>DIVISION OF INTERNAL AUDITS</b>						
GENERAL FUND	1,985,044	2,385,812	1,816,985	-23.84	1,841,537	1.35
INTER-AGENCY TRANSFER	2,197,451	2,266,857	1,816,985	-19.85	1,841,537	1.35
REVERSIONS		118,955				
	-212,407					
<b>MOTOR POOL</b>						
BALANCE FORWARD	4,519,325	5,895,446	5,803,534	-1.56	5,849,307	.79
INTER-AGENCY TRANSFER	-62,479	452,125	610,693	35.07	631,405	3.39
OTHER FUND	4,553,706	5,432,762	5,165,047	-4.93	5,190,108	.49
	28,098	10,559	27,794	163.23	27,794	

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>MOTOR POOL VEHICLE PURCHASE</b>	2,494,957	1,894,272	2,088,028	10.23	2,220,750	6.36
BALANCE FORWARD	1,512,441	53,695	406,254	656.60	487,201	19.93
INTER-AGENCY TRANSFER	902,800	1,644,148	1,485,345	-9.66	1,537,120	3.49
OTHER FUND	267,023	196,429	196,429		196,429	
REVERSIONS	-187,307					
<b>PURCHASING</b>	2,850,147	3,863,886	3,162,246	-18.16	3,131,423	-.97
BALANCE FORWARD	-600,234	975,287	684,275	-29.84	503,461	-26.42
INTER-AGENCY TRANSFER	3,349,588	2,839,082	2,388,431	-15.87	2,538,422	6.28
OTHER FUND	100,793	49,517	89,540	80.83	89,540	
<b>COMMODITY FOOD PROGRAM</b>	9,920,001	8,496,409	13,606,881	60.15	15,925,936	17.04
BALANCE FORWARD	-21,531	1,783,667	1,484,786	-16.76	1,628,882	9.70
FEDERAL FUND	2,289,516	1,133,303	1,226,217	8.20	1,226,217	
INTER-AGENCY TRANSFER	69,493	112,942	69,493	-38.47	69,493	
OTHER FUND	7,582,523	5,466,497	10,826,385	98.05	13,001,344	20.09
<b>BUILDINGS &amp; GROUNDS</b>	15,508,780	19,834,255	18,763,909	-5.40	19,560,844	4.25
BALANCE FORWARD	-1,140,818	3,188,653	2,906,171	-8.86	2,657,242	-8.57
INTER-AGENCY TRANSFER	16,644,868	16,638,779	15,791,836	-5.09	16,837,700	6.62
OTHER FUND	4,730	6,823	65,902	865.88	65,902	
<b>B&amp;G - MAIL SERVICES</b>	6,804,962	8,037,575	7,778,518	-3.22	7,929,757	1.94
BALANCE FORWARD	-361,748	1,197,252	988,110	-17.47	1,103,515	11.68
INTER-AGENCY TRANSFER	7,166,658	6,840,323	6,790,408	-.73	6,826,242	.53
OTHER FUND	52					
<b>B&amp;G - MAIL SERVICES - EQUIPMENT PURCHASE</b>	97,678	251,599	230,568	-8.36	283,189	22.82
BALANCE FORWARD	-73,646	170,258	169,682	-.34	223,036	31.44
INTER-AGENCY TRANSFER	171,324	81,341	60,886	-25.15	60,153	-1.20
<b>B&amp;G - CLEAR CREEK YOUTH CENTER</b>	15,887	6,007				
GENERAL FUND	18,388	6,007				
OTHER FUND	500					
REVERSIONS	-3,001					
<b>B&amp;G - MARLETTE LAKE</b>	1,051,685	1,672,841	1,403,551	-16.10	1,491,534	6.27
BALANCE FORWARD	-309,309	591,345	224,816	-61.98	229,319	2.00
OTHER FUND	1,360,994	1,081,496	1,178,735	8.99	1,262,215	7.08
<b>ADMINISTRATION - HEARINGS DIVISION</b>	4,541,143	4,834,854	4,441,490	-8.14	4,520,324	1.77
INTER-AGENCY TRANSFER	25,807	9,311	25,808	177.18	25,808	
OTHER FUND	4,636,591	4,825,543	4,415,682	-8.49	4,494,516	1.79
REVERSIONS	-121,255					
<b>VICTIMS OF CRIME</b>	8,401,102	11,330,091	12,240,463	8.03	13,970,344	14.13
BALANCE FORWARD	-952,029	1,710,103	2,096,402	22.59	3,828,823	82.64
FEDERAL FUND	1,334,461	2,138,000	2,151,000	.61	2,151,000	
OTHER FUND	8,018,670	7,481,988	7,993,061	6.83	7,990,521	-.03

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>TOTAL DEPARTMENT OF ADMINISTRATION</b>	96,054,490	160,167,948	115,747,124	-27.73	113,945,192	-1.56
GENERAL FUND	20,972,154	40,752,564	11,704,335	-71.28	8,083,089	-30.94
BALANCE FORWARD	3,252,393	33,409,075	19,912,495	-40.40	18,405,367	-7.57
FEDERAL FUND	3,623,977	3,271,303	3,377,217	3.24	3,377,217	
HIGHWAY FUND	1,675,186	5,225,230				
INTER-AGENCY TRANSFER	52,472,809	58,268,134	55,840,227	-4.17	56,831,936	1.78
OTHER FUND	22,337,961	19,241,642	24,912,850	29.47	27,247,583	9.37
REVERSIONS	-8,279,990					
<b>PUBLIC WORKS BOARD</b>						
<b>PUBLIC WORKS ADMINISTRATION</b>	980,008	1,100,714	261,009	-76.29	261,875	.33
GENERAL FUND	1,039,458	1,056,365	261,009	-75.29	261,875	.33
INTER-AGENCY TRANSFER	14,252	44,349				
REVERSIONS	-73,702					
<b>PUBLIC WORKS INSPECTION</b>	6,574,170	8,981,357	7,689,601	-14.38	7,648,697	-.53
GENERAL FUND			95,303		95,525	.23
BALANCE FORWARD	-149,902					
INTER-AGENCY TRANSFER	35,000	35,000	35,000		35,000	
OTHER FUND	6,689,072	8,946,357	7,559,298	-15.50	7,518,172	-.54
<b>TOTAL PUBLIC WORKS BOARD</b>	7,554,178	10,082,071	7,950,610	-21.14	7,910,572	-.50
GENERAL FUND	1,039,458	1,056,365	356,312	-66.27	357,400	.31
BALANCE FORWARD	-149,902					
INTER-AGENCY TRANSFER	49,252	79,349	35,000	-55.89	35,000	
OTHER FUND	6,689,072	8,946,357	7,559,298	-15.50	7,518,172	-.54
REVERSIONS	-73,702					
<b>DEPARTMENT OF TAXATION</b>						
<b>DEPARTMENT OF TAXATION</b>	31,970,102	33,356,199	26,677,275	-20.02	26,419,507	-.97
GENERAL FUND	30,589,146	30,175,197	25,979,856	-13.90	25,710,964	-1.04
BALANCE FORWARD	2,272,486	1,401,573				
INTER-AGENCY TRANSFER	8,916	1,160,160	8,916	-99.23	8,916	
OTHER FUND	676,013	619,269	688,503	11.18	699,627	1.62
REVERSIONS	-1,576,459					
<b>TOTAL DEPARTMENT OF TAXATION</b>	31,970,102	33,356,199	26,677,275	-20.02	26,419,507	-.97
GENERAL FUND	30,589,146	30,175,197	25,979,856	-13.90	25,710,964	-1.04
BALANCE FORWARD	2,272,486	1,401,573				
INTER-AGENCY TRANSFER	8,916	1,160,160	8,916	-99.23	8,916	
OTHER FUND	676,013	619,269	688,503	11.18	699,627	1.62
REVERSIONS	-1,576,459					
<b>DEPARTMENT OF INFORMATION TECHNOLOGY</b>						
<b>DOIT - DIRECTOR'S OFFICE</b>	2,029,951	2,090,230	2,074,575	-.75	1,956,924	-5.67
BALANCE FORWARD	210,756	361,241	404,976	12.11	281,329	-30.53
INTER-AGENCY TRANSFER	1,819,095	1,728,989	1,669,599	-3.43	1,675,595	.36
OTHER FUND	100					
<b>DOIT - APPLICATION DESIGN &amp; DEVELOPMENT UNIT</b>	2,053,799	2,579,648	2,802,117	8.62	2,896,131	3.36
BALANCE FORWARD	116,332	571,778	309,280	-45.91	453,385	46.59
INTER-AGENCY TRANSFER	1,937,467	2,007,870	2,492,837	24.15	2,442,746	-2.01

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DOIT - PLANNING &amp; RESEARCH DIVISION</b>	1,226,147	1,523,978				
BALANCE FORWARD	-198,313	198,314				
INTER-AGENCY TRANSFER	1,424,460	1,325,664				
<b>DOIT - COMPUTING DIVISION</b>	11,379,909	14,008,557	13,182,366	-5.90	12,459,275	-5.49
BALANCE FORWARD	-1,016,146	2,380,502	1,857,697	-21.96	1,505,074	-18.98
INTER-AGENCY TRANSFER	12,393,771	11,628,055	11,324,669	-2.61	10,954,201	-3.27
OTHER FUND	2,284					
<b>DOIT - COMMUNICATIONS &amp; NETWORK ENGINEERING</b>	3,679,032	3,578,674	3,308,135	-7.56	3,327,977	.60
BALANCE FORWARD	629,797	277,606	238,967	-13.92	353,464	47.91
INTER-AGENCY TRANSFER	3,048,480	3,301,068	3,069,168	-7.02	2,974,513	-3.08
OTHER FUND	755					
<b>DOIT - TELECOMMUNICATIONS</b>	3,958,803	4,465,790	3,885,947	-12.98	3,985,923	2.57
BALANCE FORWARD	346,102	642,482	286,409	-55.42	382,411	33.52
INTER-AGENCY TRANSFER	3,610,506	3,823,308	3,599,538	-5.85	3,603,512	.11
OTHER FUND	2,195					
<b>DOIT - NETWORK TRANSPORT SERVICES</b>	2,640,139	2,983,934	2,678,136	-10.25	2,780,654	3.83
BALANCE FORWARD	155,869	439,964	351,440	-20.12	376,638	7.17
INTER-AGENCY TRANSFER	2,427,920	2,543,970	2,187,096	-14.03	2,256,852	3.19
OTHER FUND	56,350		139,600		147,164	5.42
<b>DOIT - SECURITY DIVISION</b>	913,286	1,130,350	1,080,887	-4.38	1,101,836	1.94
BALANCE FORWARD	-257,636	257,636	146,619	-43.09	141,182	-3.71
INTER-AGENCY TRANSFER	1,168,443	870,494	932,048	7.07	958,434	2.83
OTHER FUND	2,479	2,220	2,220		2,220	
<b>TOTAL DEPARTMENT OF INFORMATION TECHNOLOGY</b>	27,881,066	32,361,161	29,012,163	-10.35	28,508,720	-1.74
BALANCE FORWARD	-13,239	5,129,523	3,595,388	-29.91	3,493,483	-2.83
INTER-AGENCY TRANSFER	27,830,142	27,229,418	25,274,955	-7.18	24,865,853	-1.62
OTHER FUND	64,163	2,220	141,820	6,288.29	149,384	5.33
<b>DEPARTMENT OF PERSONNEL</b>						
<b>PERSONNEL</b>	11,726,665	14,571,421	11,688,019	-19.79	11,299,134	-3.33
BALANCE FORWARD	-416,491	2,879,505	2,073,211	-28.00	1,546,580	-25.40
INTER-AGENCY TRANSFER	12,113,317	11,662,562	9,583,778	-17.82	9,721,524	1.44
OTHER FUND	29,839	29,354	31,030	5.71	31,030	
<b>STATE UNEMPLOYMENT COMPENSATION</b>	1,386,561	2,609,331	4,210,760	61.37	4,657,608	10.61
BALANCE FORWARD	372,975	762,347	739,000	-3.06	1,687,871	128.40
INTER-AGENCY TRANSFER	1,013,586	1,846,984	3,471,760	87.97	2,969,737	-14.46
<b>TOTAL DEPARTMENT OF PERSONNEL</b>	13,113,226	17,180,752	15,898,779	-7.46	15,956,742	.36
BALANCE FORWARD	-43,516	3,641,852	2,812,211	-22.78	3,234,451	15.01
INTER-AGENCY TRANSFER	13,126,903	13,509,546	13,055,538	-3.36	12,691,261	-2.79
OTHER FUND	29,839	29,354	31,030	5.71	31,030	

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	<b>2007-2008 Actual</b>	<b>2008-2009 Work Program</b>	<b>2009-2010 Governor Recommends</b>	<b>% Change</b>	<b>2010-2011 Governor Recommends</b>	<b>% Change</b>
<b>FINANCE &amp; ADMINISTRATION</b>						
GENERAL FUND	52,600,758	71,984,126	38,040,503	-47.15	34,151,453	-10.22
BALANCE FORWARD	5,318,222	43,582,023	26,320,094	-39.61	25,133,301	-4.51
FEDERAL FUND	3,623,977	3,271,303	3,377,217	3.24	3,377,217	
HIGHWAY FUND	1,675,186	5,225,230				
INTER-AGENCY TRANSFER	93,488,022	100,246,607	94,214,636	-6.02	94,432,966	.23
OTHER FUND	29,797,048	28,838,842	33,333,501	15.59	35,645,796	6.94
REVERSIONS	-9,930,151					
<b>TOTAL FOR FINANCE &amp; ADMINISTRATION</b>	<b>176,573,062</b>	<b>253,148,131</b>	<b>195,285,951</b>	<b>-22.86</b>	<b>192,740,733</b>	<b>-1.30</b>
Less: INTER-AGENCY TRANSFER	93,488,022	100,246,607	94,214,636	-6.02	94,432,966	.23
<b>NET FINANCE &amp; ADMINISTRATION</b>	<b>83,085,040</b>	<b>152,901,524</b>	<b>101,071,315</b>	<b>-33.90</b>	<b>98,307,767</b>	<b>-2.73</b>





## **EDUCATION**

The Education function includes three sub-functions: The Department of Education (K-12); the Nevada System of Higher Education (NSHE); and other education programs, which include the Department of Cultural Affairs, the Western Interstate Commission for Higher Education (WICHE), and the Commission on Postsecondary Education. The Governor has recommended General Fund appropriations of \$1.580 billion in FY 2009-10, a decrease of 11.0 percent compared to FY 2008-09, and \$1.573 billion in FY 2010-11, which represents an additional decrease of 0.5 percent. Budget recommendations for education from all funding sources total \$2.247 billion in FY 2009-10, a decrease of 10.1 percent compared to FY 2008-09, and \$2.256 billion in FY 2010-11, which represents an increase of 0.4 percent over FY 2009-10 after interagency transfers are deducted.

### **EDUCATION (K-12)**

#### **DISTRIBUTIVE SCHOOL ACCOUNT**

The funding which supports Nevada's public elementary and secondary schools is a shared responsibility with state, local and federal sources contributing to the school districts' operating funds. The Distributive School Account (DSA) budget does not include the entire funding for K-12 education, but rather includes only the state's portion of the school district operating funds that provide the basic support guarantee and other state-supported programs.

The following table summarizes the elements (in millions) that are the basis for the DSA as approved by the 2007 Legislature for the current biennium and as recommended by the Governor for the upcoming biennium. While the "Total Required State Support" is guaranteed by the state, only the portion of the table below "Total State Share" is included in the DSA budget account.

	<u>The Nevada Plan</u>			<u>Recommended in The Executive Budget</u>			
	Legislatively-Approved			2009-11			Percent Change
	FY 08	FY 09	Biennium	FY 10	FY 11	Biennium	
Total Operating Expenditures	\$ 3,077	\$ 3,302	\$ 6,379	\$ 3,110	\$ 3,144	\$ 6,254	-2.0%
Less: Local Revenues Outside the DSA	\$ (765)	\$ (832)	\$ (1,597)	\$ (869)	\$ (874)	\$ (1,743)	
Less: Non-Basic Support Programs	\$ (133)	\$ (145)	\$ (279)	\$ (131)	\$ (133)	\$ (264)	
Total Regular Basic Support	\$ 2,178	\$ 2,325	\$ 4,503	\$ 2,110	\$ 2,137	\$ 4,247	-5.7%
Plus Programs Other Than Basic Support	\$ 315	\$ 348	\$ 663	\$ 280	\$ 283	\$ 563	
<u>State Guarantee</u>							
Total Required State Support	\$ 2,493	\$ 2,672	\$ 5,166	\$ 2,390	\$ 2,420	\$ 4,810	-6.9%
Less: Local "Inside" Revenues	\$ (1,280)	\$ (1,399)	\$ (2,679)	\$ (1,142)	\$ (1,172)	\$ (2,314)	
<u>Distributive School Account</u>							
Total State Share	\$ 1,214	\$ 1,273	\$ 2,487	\$ 1,248	\$ 1,248	\$ 2,496	
Miscellaneous DSA Revenues	\$ (172)	\$ (183)	\$ (355)	\$ (154)	\$ (158)	\$ (312)	
General Fund Support	\$ 1,041	\$ 1,091	\$ 2,132	\$ 1,094	\$ 1,090	\$ 2,184	2.4%

The Executive Budget projects that the total of all Nevada school district budgets will increase to \$3.11 billion in FY 2009-10 and \$3.14 billion in FY 2010-11, compared to \$3.08 billion and \$3.30 billion for school district budgets approved by the 2007 Legislature for FY 2007-08 and FY 2008-09, respectively. This is a two percent decrease for the 2009-11 biennium when compared to the 2007-09 biennium.

## **NEVADA PLAN**

The Legislature determines the level of state aid for schools and each district's share through a formula called the "Nevada Plan," which allows for differences across districts in the costs of providing education and in local wealth. A guaranteed amount of basic support per pupil is calculated for each school district and is established in law each session. The state, through the DSA, and local school districts, through the Local School Support (sales) Tax (LSST) and property tax, share the responsibility for providing the money needed to fund the guaranteed basic support.

### **Nevada Plan "Outside" Revenues**

As indicated above, certain locally-generated revenues are considered before the state's responsibility is determined. These revenues are referred to as being "outside" of the Nevada Plan (the state's responsibility) and consist of the following:

- Property Tax: State law requires a property tax rate of 75 cents per \$100 of assessed valuation for the support of schools, of which 25 cents is "inside" the Nevada Plan and 50 cents is "outside" the DSA funding formula. For FY 2007-08, the 50-cent portion totaled \$488.8 million and is projected to increase 7.6 percent to \$525.9 million in FY 2008-09. The Executive Budget projects that the 50-cent portion of this tax will generate \$551.8 million in FY 2009-10, which represents a 4.9 percent increase over the amount projected for FY 2008-09, and \$557.2 million in FY 2010-11, an increase of 1.0 percent over FY 2009-10.
- Local Government Services Tax: Formerly called the Motor Vehicle Privilege Tax, this tax is estimated to generate \$81.4 million in both FY 2009-10 and FY 2010-11. These estimates represent a decrease of 10.3 percent compared to FY 2007-08 actual collections of \$90.7 million.
- Other Local Sources: Franchise taxes, federal revenue, interest, tuition and other local revenue and opening balances are expected to contribute \$235.6 million in FY 2009-10 and \$235.7 million in FY 2010-11.

These local revenues are not guaranteed by the state; thus the local school districts benefit when actual revenues are in excess of projections, or suffer the loss when revenues do not meet projections. These locally-generated revenues "outside" of the Nevada Plan are budgeted to generate approximately 27.9 percent of the revenue necessary to support the budgets of the school districts (25 percent in the current biennium), with the balance being funded through the Nevada Plan (the state's responsibility).

### **Nevada Plan "Inside" Revenues**

Nevada Plan funding for school districts consists of state financial support received through the DSA and locally-collected revenues that are "inside" the Nevada Plan,

namely the 2.25-cent Local School Support Tax (sales tax) and remaining 25 cents of the Ad Valorem Tax (property tax). Local funding from the 25-cent portion of the property taxes is budgeted at \$275.9 million for FY 2009-10 (4.9 percent increase over FY 2008-09 projections) and \$278.6 million for FY 2010-11 (1.0 percent increase over budgeted FY 2009-10). The LSST is estimated at \$866.7 million for FY 2009-10 (1.1 percent increase over FY 2008-09 projections) and \$893.7 million for FY 2010-11 (3.1 percent increase over budgeted FY 2009-10). Combined, these two local sources are estimated to provide approximately 48 percent of the required state support amount, with the state contributing the remaining 52 percent. It is important to note that these two local revenue amounts are guaranteed by the state; i.e., if budgeted amounts are not actually collected, the state funds the difference, and conversely, if actual revenues exceed projections, the amount of state General Fund support is reduced. For the current biennium, due to considerable lower-than-budgeted LSST and 25-cent portion of property tax collections, both guaranteed by the state, a supplemental appropriation will be required for the DSA to fund the guaranteed basic support.

As recommended in the Governor's budget, the required state support of school district expenditures within the DSA totals \$2.39 billion and \$2.42 billion for FY 2009-10 and FY 2010-11, respectively, a decrease of 6.9 percent over the amounts approved by the 2007 Legislature for the current biennium. These amounts include the recommended changes in all of the programs funded through the DSA (i.e., basic support, class-size reduction, special education, adult programs, counseling, early childhood, etc.).

In the Governor's budget, the state's share of funding is provided largely by General Fund appropriations of \$1.094 billion in FY 2009-10 and \$1.090 billion in FY 2010-11, totaling \$2.184 billion for the 2009-11 biennium. This is \$52 million greater than the \$2.132 billion appropriated by the 2007 Legislature for the 2007-09 biennium, representing a 2.4 percent increase. However, including the General Fund supplemental appropriation of \$329.3 million recommended to support the Distributive School Account in FY 2008-09, General Fund support during the 2009-11 biennium represents a decrease of 11.3 percent. An annual tax on slot machines, interest earned on investments from the Permanent School Fund, revenue from leases of federal land for mineral exploration and from royalties, and Local School Support Tax from sales that cannot be attributed to a specific county also provide funding for the DSA and are included in the previous table as "Miscellaneous DSA Revenues."

The following table displays the DSA budget as approved by the 2007 Legislature, actual revenues and expenditures for FY 2007-08, projections for FY 2008-09, and the Governor's recommendations for the 2009-11 biennium. As recommended, funding for K-12 education (DSA and the Department of Education) represents approximately 37.1 percent of the state's General Fund for the 2009-11 biennium, compared to K-12's share of the General Fund, which was 34.6 percent in the current biennium. It is important to remember that the state's share does not include the entire funding for K-12 education, but rather includes only the state's portion of the school district operating funds that provide the basic support guarantee and other state-supported programs.

DISTRIBUTIVE SCHOOL ACCOUNT - SUMMARY FOR 2009-11 BIENNIUM						
	2007-08 Legislature Approved	2007-08 Actual	2008-09 Legislature Approved	2008-09 Estimated	2009-10 Governor Recommends	2010-11 Governor Recommends
TOTAL ENROLLMENT *	425,270.20	420,829.80	436,675.20	424,355.60	426,760.50	432,129.80
BASIC SUPPORT	5,122	5,125	5,323	5,214	4,945	4,946
TOTAL REGULAR BASIC SUPPORT **	2,178,412,777	2,156,577,434	2,324,500,302	2,212,704,453	2,110,539,932	2,137,399,645
CLASS-SIZE REDUCTION	141,209,596	141,209,596	153,710,996	153,710,996	143,927,168	145,386,027
SPECIAL EDUCATION ***	111,303,886	111,303,886	121,250,664	121,250,664	111,753,582	113,160,075
SPECIAL UNITS/GIFTED & TALENTED	171,898	171,898	163,656	163,656	168,619	174,156
ADULT HIGH SCHOOL DIPLOMA	21,447,955	21,302,940	23,362,996	22,410,539	18,313,953	18,585,980
SCHOOL LUNCH PROGRAM STATE MATCH	588,732	588,732	588,732	588,732	588,732	588,732
NRS ADJUSTMENT	0	190,176	0	0	399,939	399,939
EUREKA COUNTY SK ADJUSTMENT	0	(931,717)	0	0	0	0
SCHOOL IMPROVEMENT PROGRAMS: RPDP, NELIP & LEAD	13,089,934	13,089,638	13,513,162	11,937,714	0	0
SPECIAL FUNDING:						
EARLY CHILDHOOD EDUCATION	3,251,671	3,208,584	3,338,875	3,338,875	3,372,669	3,415,116
LIBRARY MEDIA SPECIALIST	18,078	18,078	18,798	18,798	18,798	18,798
HIGH IMPACT RETIREMENT CREDIT	22,942,577	0	31,070,767	0	0	0
1/5 RETIREMENT MOVED TO B/A 2616	(22,942,577)	0	(31,070,767)	0	0	0
SPECIAL ELEMENTARY COUNSELING	850,000	839,927	850,000	850,000	850,000	850,000
SPECIAL TRANSPORTATION	112,012	170,908	112,012	170,909	170,908	170,908
PRIOR YEAR PAYMENT ADJUSTMENTS	0	(5,760,125)	0	0	0	0
BASIC SUPPORT RETURNED/BUDGET REDUCTION	0	(14,825,347)	0	(20,501,540)	0	0
TOTAL REQUIRED STATE SUPPORT **	2,470,456,539	2,427,154,608	2,641,410,193	2,506,643,796	2,390,104,300	2,420,149,376
LESS						
LOCAL SCHOOL SUPPORT TAX (LSST)	(1,021,135,885)	(945,043,907)	(1,108,717,188)	(857,206,275)	(866,679,523)	(893,697,453)
PROPERTY TAX (ONE-THIRD)	(258,661,179)	(237,816,543)	(290,268,708)	(262,950,715)	(275,897,011)	(278,599,587)
EUREKA COUNTY S.D. ADJUSTMENT	0	4,296,698	0	0	0	0
NET PROCEEDS ADJUSTMENT	0	124,583	0	0	0	0
TOTAL STATE SHARE **	1,190,659,475	1,248,715,439	1,242,424,297	1,386,486,806	1,247,527,766	1,247,852,336
STATE SHARE ELEMENTS						
GENERAL FUND	1,041,380,667	1,041,380,667	1,090,814,060	1,042,818,347	1,093,720,981	1,090,154,838
1/5 RETIREMENT MOVED TO B/A 2616	(22,942,577)	(22,942,577)	(31,070,767)	(31,070,767)		
GENERAL FUND TRANSFER 09 TO 08	0	85,874,930		(85,874,930)		
DSA SHARE OF SLOT TAX	37,682,635	34,945,244	40,294,194	35,449,480	36,173,569	36,571,479
PERMANENT SCHOOL FUND INTEREST	11,800,136	14,063,745	12,315,982	13,100,000	14,631,920	14,924,558
FEDERAL MINERAL LEASE REVENUE	6,354,164	8,670,417	6,354,164	23,435,000	9,198,446	9,474,399
OUT-OF-STATE LSST	116,384,350	102,284,309	123,716,564	93,487,859	93,802,749	96,726,963
ESTATE TAX	100	3,981	100	0	100	100
PRIOR YEAR REFUNDS	0	6,687,926	0	35,203	0	0
REVERTED TO THE GENERAL FUND	0	(22,253,203)	0	0	0	0
BALANCE FORWARD	0	0	0	0	0	0
TOTAL SHARE STATE ELEMENTS **	1,190,659,475	1,248,715,439	1,242,424,297	1,091,380,192	1,247,527,766	1,247,852,336
BALANCE (TO/FROM GENERAL FUND)	0	0	0	(295,106,614)	0	0
SPECIAL EDUCATION UNITS***						
	No. of Units	\$ per Unit	No. of Units	\$ per Unit		
	2007-08	3,046	36,541.00	2009-10	3,056	36,569.00
	2008-09	3,128	38,763.00	2010-11	3,094	36,569.00
FY 2009 LEGISLATURE APPROVED IS THE AMOUNT APPROVED BY THE 2007 LEGISLATURE WITHOUT THE SPECIAL SESSION TEXTBOOK REDUCTION						
FY 2009 ESTIMATE REFLECTS THE \$48 MILLION TEXTBOOK REDUCTION						
* FY 2008 and 2009 Apportioned and FY 2010 and 2011 Weighted						
** Totals may not balance due to rounding						
*** Special Education Units funded separately from Basic Support						

## **BASIC SUPPORT PER PUPIL**

The 2007 Legislature estimated the statewide average guaranteed basic support for operating purposes at \$5,122 per pupil in FY 2007-08. The actual FY 2007-08 per-pupil support of \$5,125 was attributable to lower-than-anticipated growth in enrollment in districts that were guaranteed at lower-than-average basic support per pupil. For FY 2008-09, the legislatively-approved statewide estimated average for guaranteed basic support for operating purposes was \$5,323 per pupil before a \$48 million reduction in textbook funding approved by the 24<sup>th</sup> Special Session. The revised per-pupil support, including the textbook funding, reduction, is \$5,213. The chart below compares the statewide average guaranteed basic support funding and increases/decreases by fiscal year since 2000:

2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 **Leg App	2009-10 Gov. Rec.	2010-11 Gov. Rec.
\$3,921	\$3,987	\$4,298	\$4,433	\$4,490	\$4,699	\$5,125	\$5,323	\$4,945	\$4,946
\$106	\$66	\$311	\$135	\$57	\$209	\$426	\$198	(\$378)	\$1

\*\*The per-pupil basic support was subsequently reduced to \$5,213 in the 24<sup>th</sup> Special Session as a result of a \$48 million reduction in funding for textbooks/instructional supplies.

The guaranteed basic support per pupil should not be confused with expenditures per pupil. Resources not considered within the Nevada Plan are also available to cover school districts' operating costs.

## **ENROLLMENT**

Each school district's guaranteed level of funding is determined by multiplying the basic support per pupil by the weighted enrollment. Weighted enrollment equals a full count of pupils enrolled in grades 1 through 12, including children with disabilities enrolled in special education programs within a district, and six-tenths of the count of pupils enrolled in kindergarten or programs for three- and four-year-olds with disabilities. Handicapped preschoolers and kindergarten pupils are only counted as six-tenths of a pupil because they typically attend school for half a day or less. The following chart compares audited weighted enrollment numbers by fiscal year and the percent of increase each year over the preceding year:

2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Projected	2009-10 Gov Rec	2010-11 Gov Rec
344,765	358,641	373,498	387,834	400,101	413,260	420,830	424,356	426,761	432,130
	4.02%	4.14%	3.84%	3.16%	3.29%	1.83%	0.84%	0.57%	1.26%

Based on most recent enrollments, weighted enrollment (utilized to distribute DSA funds to school districts), increased by approximately 2.68 percent over the current biennium, to 424,356 students in FY 2008-09. The Governor's recommended budget includes General Fund appropriations of \$36.3 million in FY 2010 and \$69.6 million in FY 2011 to provide funding for the projected enrollment growth for the 2009-11 biennium.

Although Clark, Eureka, and Washoe County school districts' enrollments increased both years of the current biennium, the remaining 14 school districts experienced a decline in enrollment and are using the hold-harmless provision of NRS 387.1233(2) for

apportionment purposes. Since FY 2001-02, the hold-harmless provision has provided that apportioned enrollment is based upon the larger of the current year's enrollment or that of either of the previous two years. The 2007 Legislature amended the hold-harmless provision, beginning in FY 2008-09, to provide for one-year hold-harmless, except that districts with enrollments declining more than five percent will be allowed two-year hold-harmless.

### **POSITIONS AND SALARIES**

To determine the number of employees needed to accommodate the additional students, the Budget Division calculated the actual student-employee ratios for each major job classification in the FY 2007-08 base year. Position counts for each year of the upcoming biennium were computed by maintaining the same student-employee ratio in each job classification. The Budget Division estimates that an additional 559.8 licensed instructional personnel will be needed to maintain the average of 20:1 student-teacher ratio throughout the upcoming biennium.

Statewide actual average teacher salaries for FY 2007-08 were \$49,488 (plus benefits) and \$52,497 in FY 2008-09 and are budgeted to decrease to an average of \$49,347 in FY 2010 and 2011, based on the Governor's recommended six percent salary reduction and suspension of merit increases. Average teacher salaries are impacted by the number of teachers who leave service, the number of new teachers hired, the number of teachers who are no longer eligible for merit adjustments, and collective bargaining agreements.

Salaries of new licensed instructional personnel (classroom teachers) are based on the average starting salary (\$36,816 after the recommended six percent salary reduction) of teachers hired for the FY 2007-08 school year. The Budget Division's position is that it is not possible to predict the education and experience level of new teachers. If new teachers, as a group, have more experience and more post-graduate education than this year's new hires, the average starting salary would be higher. If they are less experienced and have less graduate-level education, the average starting salary could be lower.

### **SALARY AND BENEFIT RECOMMENDATIONS**

Consistent with recommendations for state employees, the Governor recommends a temporary salary reduction of six percent effective July 1, 2009, and a suspension of merit salary increases for district employees over the 2009-11 biennium. The recommendation results in salary savings of \$143.8 million in FY 2010 and \$146.7 million in FY 2011. Savings from merit pay suspensions are estimated to be \$47.0 million in FY 2009-10 and \$95.5 million in FY 2010-11.

The Executive Budget recommends reductions to group insurance similar to the recommended reductions for all state employees. General Fund savings for this proposal are \$46.8 million in FY 2009-10 and \$51 million in FY 2010-11. The Governor

recommends an adjustment to fringe benefits to increase the retirement contribution from 20.50 percent to 21.50 percent, with a corresponding reduction in salary costs for one-half of the amount for the employee portion of the increase. This is consistent with the methodology that will be utilized to implement the retirement increase for state employees on the employer-paid plan. The cost of the retirement rate increase is \$7.7 million in FY 2009-10 and \$8.1 million in FY 2010-11.

#### **SUPPLEMENTAL APPROPRIATION**

The Executive Budget recommends a supplemental appropriation of approximately \$329 million, for the DSA primarily due to lower-than-projected sales tax revenue collections inside the Nevada Plan and guaranteed by the state. Based on the Legislative Counsel Bureau's latest estimate, the required supplemental appropriation for the DSA is projected to be approximately \$295 million, \$34 million less than the Governor recommends. The primary differences between the Governor's and Fiscal staff's supplemental need are accounting related.

#### **RESTORATION OF TEXTBOOK FUNDING**

The 24<sup>th</sup> Special Session reduced funding designated for textbooks, instructional supplies and instructional hardware by \$48 million in FY 2008-09. The Governor recommends the restoration of the \$48 million and recommends funding for textbooks, instruction supplies and instruction hardware at historical levels with increases for inflation.

#### **INFLATION**

For FY 2009-10, The Executive Budget recommends an inflationary increase of 0.3 percent over the FY 2008-09 budgeted amounts for textbooks, library books, instructional and other supplies, and instructional computer software, with an additional 3.0 percent increase for FY 2010-11. Utility inflation is recommended at 7.7 percent in FY 2010 and 3.3 percent in FY 2011. The total cost of these inflationary increases over the 2009-11 biennium is \$19 million.

#### **TRANSFER NEVADA YOUTH TRAINING CENTER STUDENT FUNDING TO DSA**

The Governor recommends that the school at Nevada Youth Training Center (NYTC) be operated by the Elko County School District with funding from the DSA instead of a direct appropriation to NYTC. The Executive Budget adds \$487,586 each year to the DSA funding model, which provides statewide average guaranteed basic support per pupil for education costs of the 140 students from the NYTC.

#### **SPECIAL EDUCATION**

Nevada provides state funding for special education on the basis of special education program units, which are defined by NRS 387.1211 as organized instructional units in which a licensed, full-time teacher is providing an instructional program that meets

minimum standards prescribed by the State Board of Education. To qualify for a full apportionment, a unit must have operated the full school day (330 minutes) for at least nine of the school months within a school year.

For FY 2008-09, the state is funding 3,128 special education units at \$38,763 each, totaling \$121.2 million. For the upcoming biennium, the Governor recommends 3,056 special education units at a cost of \$36,569 each, or \$111.8 million for FY 2009-10, and 3,094 special education units at a cost of \$36,569 each, or \$113.2 million for FY 2010-11, an overall 3.3 percent decrease from funding approved in the 2007-09 biennium.

Additional special education funding is also provided in the current biennium for instructional programs incorporating education technology for gifted and talented pupils. The Executive Budget recommends funding in the amounts of \$168,619 and \$174,156 for FY 2009-10 and FY 2010-11 compared to \$171,898 and \$163,656 authorized for FY 2007-08 and FY 2008-09, respectively.

#### **CLASS SIZE REDUCTION**

During the 19 years that the Class Size Reduction (CSR) program has been implemented in the state, a total of \$1.55 billion in state funds has been spent to pay for teachers to reduce pupil-teacher ratios. For FY 2009-10, The Executive Budget recommends \$143.9 million in funding (inclusive of the six percent salary reduction and suspension of merit increases) for class-size reduction, which is a 6.4 percent decrease compared to the legislatively-approved amount for FY 2008-09. For FY 2010-11, The Executive Budget recommends \$145.4 million, a 1.0 percent increase over the recommended funding for FY 2009-10. These amounts are recommended to maintain the CSR program at its current pupil-teacher ratios and to continue the 23.5 teachers in selected “high-risk” kindergartens.

The 2007 Legislature continued authority for all school districts, subject to the approval of the State Superintendent of Public Instruction, to operate alternative programs for reducing the ratio of pupils per teacher or to implement programs of remedial education that have been found to be effective in improving pupil achievement in grades 1, 2 and 3. In addition, since FY 2006, flexibility has been allowed in the use of CSR funding to address class sizes in grades 4, 5 and 6 in rural school districts (i.e., school districts that are located in a county whose population is under 100,000), subject to the approval of the State Superintendent of Public Instruction. The rural school districts are authorized in grades 1 through 6 to use CSR funding to operate a program of alternative pupil-teacher ratios. The alternative pupil-teacher ratios may not exceed 22:1 in grades 1, 2 and 3 and may not exceed 25:1 in grades 4 and 5 or grades 4, 5 and 6 in school districts that include grade 6 in elementary school. If any school district receives approval to carry out a program of remedial education or alternative pupil-teacher ratios, the school district must evaluate the effectiveness of the alternative CSR program on team teaching, pupil discipline and the academic achievement of pupils.



### **ADULT HIGH SCHOOL DIPLOMA PROGRAM**

Each session, the Legislature determines an amount of funding for adult high school diploma programs for the general public and for the state's prison inmates in the four school districts that operate programs within prison facilities. For the 2009-11 biennium, The Executive Budget recommends \$18.3 million for FY 2009-10 and \$18.6 million for FY 2010-11 (inclusive of the six percent salary reduction and suspension of merit increases) compared to actual expenditures of \$21.3 million in FY 2007-08 and \$22.4 million (includes reduction of \$934,520 due to budget reductions) authorized for FY 2008-09.

### **REGIONAL PROFESSIONAL DEVELOPMENT PROGRAMS**

The 2007 Legislature approved funding of \$26.6 million over the 2007-09 biennium to continue the Regional Professional Development Programs (RPDPs), including the Nevada Early Literacy Intervention program and special administrator training programs. The Executive Budget recommends suspending the funding entirely for the RPDPs, saving an estimated \$13.5 million each fiscal year.

### **EARLY CHILDHOOD EDUCATION**

The Executive Budget recommends \$3.37 million in FY 2009-10 and \$3.42 million in FY 2010-11 to continue the Early Childhood Education program, which represents a 3.0 percent increase in funding over the amounts approved in the 2007-09 biennium.

### **INCENTIVES FOR LICENSED EDUCATIONAL PERSONNEL**

Assembly Bill 1 of the 23<sup>rd</sup> Special Session created a grant fund for Incentives for Licensed Educational Personnel and directed that the funding provided in the DSA for the purchase of retirement credits during the 2007-09 biennium be transferred into the new fund. The legislation required each school district to establish a program of incentive pay for licensed educational personnel designed to attract and retain those employees. Financial incentives must not exceed \$3,500 per year.

Assembly Bill 1 also repealed the statutory language requiring the purchase of retirement credits for teachers in at-risk schools, psychologists, and teachers in the fields of mathematics, science, special education and English as a Second Language, initially approved by the 2003 Legislature. However, the legislation did provide an option for those employees participating in the program prior to July 1, 2007, to continue the purchase of retirement credits until they have received an additional one full year of retirement credit.

The Governor recommends all funding for Incentives for Licensed Educational Personnel (\$50.5 million General Fund) be eliminated in the 2009-11 biennium.

## **OTHER STATE EDUCATION PROGRAMS**

The Governor recommends transferring all non-pass-through funding to other budget accounts within the Department of Education in order to preserve this budget account for pass-through funding to school districts and/or charter schools.

## **TEACHER SIGNING BONUSES**

The Executive Budget recommends limiting funding for teacher bonuses to only those new teachers hired for enrollment increases. No funding is provided for replacement teachers for those who retire or otherwise leave the district. The recommended budget for signing bonuses is \$516,000 in FY 2009-10 and \$646,000 in FY 2010-11, compared to FY 2008 actual expenditures of \$4.78 million and FY 2009 projected expenditures of \$5.08 million.

## **EDUCATIONAL TECHNOLOGY**

The Governor is recommending reinstatement of \$9.79 million in General Funds over the 2009-11 biennium for the state-funded Education Technology program. The 2007 Legislature had approved \$9.79 million over the 2007-09 biennium for the program, but due to recommended budget reductions, the entire amount was deferred.

## **CAREER AND TECHNICAL EDUCATION**

The Executive Budget restores the Career and Technical Education (CTE) funding which was reduced in FY 2008-09 as the result of budget reductions and recommends \$4.0 million each year to continue CTE programs during the 2009-11 biennium.

## **SCHOOL REMEDIATION TRUST FUND**

The 2005 Legislature approved the creation of the Account for Programs for Innovation and the Prevention of Remediation (referred to as the School Remediation Trust Fund) to support improvement plans developed by schools and school districts to improve the achievement of students.

## **FULL-DAY KINDERGARTEN**

The Governor recommends General Funds of \$25.5 million in FY 2009-10 and \$27.2 million in FY 2010-11 for the ongoing costs of Full-Day Kindergarten (including minimal enrollment increases) for existing “at-risk” schools, but does not provide any expansion of the program. The 2007 Legislature added \$15 million in the 2007-09 biennium to expand the Full-Day Kindergarten program to approximately 52 additional schools in FY 2008-09. However, due to recommended budget reductions, the expansion of the Full-Day Kindergarten program in FY 2008-09 was not implemented.

## **PROGRAMS FOR INNOVATION AND THE PREVENTION OF REMEDIATION (ELEMENTARY AND SECONDARY SCHOOLS)**

The 2007 Legislature approved total funding of \$90.1 million for programs for innovation and prevention of remediation in grades K-12. Though \$44.2 million was appropriated for FY 2007-08, due to budget reductions, only \$29 million was actually expended on programs. For FY 2008-09, the legislatively-approved budget of \$45.9 million has been reduced to \$36.4 million to meet targeted budget reductions. The Executive Budget recommends suspending the program entirely for the 2009-11 biennium.

## **EMPOWERMENT PROGRAMS**

The 2007 Legislature approved a total of \$9.08 million over the 2007-09 biennium for a program of Empowerment schools. However, due to budget reductions, all but \$103,000 spent in FY 2007-08 for planning purposes was reserved for reversion. The Governor does not recommend reinstatement of any funding for the Empowerment Program in the 2009-11 biennium.

## **DEPARTMENT OF EDUCATION**

The Executive Budget recommends total funding for the Department of Education (excluding the Distributive School Account, School Remediation Trust Fund, Incentives for Licensed Educational Personnel and Other State Education Programs) in the amount of \$654.3 million for the 2009-11 biennium, an increase of 12 percent compared to the 2007-09 biennium. Of this amount, General Fund support is recommended in the amount of \$27.5 million for the upcoming biennium, compared to \$22.6 million for the 2007-09 biennium. This represents an increase in General Fund support of approximately 21.7 percent, which is primarily the result of an increase in the cost of the testing programs and funding of school support team leaders in non-Title I schools (which was funded in Other State Education Programs in the 2007-09 biennium).

The Executive Budget recommends two new full-time positions to address the increased budgeting and auditing workload in the department. Both positions are recommended in the Education Support Services account: a Budget Analyst I (funded through indirect costs) and an Auditor II (funded through the federal nutrition program and indirect costs). Throughout the department's budgets, a number of position transfers are recommended to align the positions with the appropriate funding sources for the duties that are being performed. In addition, The Executive Budget recommends the elimination of nine full-time positions: four that are funded with General Fund support and five that are funded by federal grants. The four General Fund positions are the Cultural Diversity, Gifted and Talented, Parental Involvement and Empowerment Consultants and their elimination would result in General Fund savings of \$656,586 over the upcoming biennium in personnel and related operating costs. Three of the federally funded positions are recommended for elimination with the discontinuation of the Longitudinal Data Systems (e-SAIN) grant, and the other two are due to an anticipated reduction in the Career and Technical education funding received through the Carl D. Perkins Federal Grant.

## **PROFICIENCY TESTING**

The Legislature requires statewide testing in the form of norm-referenced tests (NRT) to measure how Nevada students compare to those in other states and to the nation as a whole. To meet budget reductions, the Legislature suspended the administration of the NRT during the 25<sup>th</sup> Special Session for school year 2008-09. The Executive Budget recommends the permanent elimination of the NRT, with a corresponding reduction of General Fund support in the amount of \$1,850,940 over the 2009-11 biennium.

Under No Child Left Behind (NCLB), criterion-referenced tests (CRT) in reading and math are administered annually in grades 3 through 8, science in grades 5 through 8, and analytical writing assessment in grades 5 and 8. Students in grades 10 through 12 are tested in math, reading and writing, and grades 10 and 11 in science, on the High School Proficiency Exam (HSPE). The Executive Budget recommends General Funds of \$13.5 million over the 2009-11 biennium for the testing proficiency program, representing a 30 percent increase over the \$10.3 million approved for the 2007-09 biennium; approximately \$500,000 of the increase is attributable to moving the System for Accountability Information in Nevada (SAIN) program from the Other State Education Programs budget account into this account.

## **SAIN – SYSTEM FOR ACCOUNTABILITY INFORMATION IN NEVADA**

*Nevada Revised Statutes* 386.650 requires the Department of Education to establish and maintain an automated system of accountability information for Nevada to report the results of student achievement and provide longitudinal comparisons of academic achievement, rate of attendance and rate of graduation of pupils over time. The system requirements, when completed, will provide information that will allow analysis of the results of pupils by teacher or paraprofessional, classroom, and school. The Executive Budget recommends \$493,294 in General Fund over the 2009-11 biennium to support the SAIN program, representing a 25.2 percent decrease from the \$659,467 approved for the 2007-09 biennium. The Executive Budget also recommends approximately \$1.0 million in federal funds to support operating costs of the SAIN program over the 2009-11 biennium, a slight decrease from the \$1.1 million approved for the 2007-09 biennium.

## **EDUCATION STATE PROGRAMS**

*Nevada Revised Statutes* 385.3721 requires a School Support Team (SST) for all schools that have received a designation of “demonstrating need for improvement” for three or more consecutive years. For Title I schools, funding for SST Leaders is provided through the federal Title I grant. Prior to the 2007-09 biennium, there were no non-Title I schools in the third year of needing improvement. However, based on projections provided by the Department of Education that 102 non-Title I schools in FY 2007-08 and 236 non-Title I schools in FY 2008-09 would be in their third year of needing improvement, the 2007 Legislature provided General Fund support in the

amount of \$3.38 million over the biennium to fund a SST Leader in the amount of \$10,000 for each of these schools. The actual number of schools reaching their third year of needing improvement in each year of the 2007-09 biennium was lower than had been projected by the department, and anticipated expenditures for the current biennium are approximately \$1.5 million.

For the 2009-11 biennium, the department anticipates 122 schools in FY 2009-10 and 167 schools in FY 2010-11 will require a SST Leader. The Executive Budget recommends General Fund support in the amount of \$2.89 million over the biennium for this purpose.

#### **ELEMENTARY AND SECONDARY EDUCATION ACT – TITLE I**

Title I programs include the majority of the federal funds utilized by school districts to comply with No Child Left Behind (NCLB) requirements. The Executive Budget includes federal funds of \$95.2 million for each fiscal year of the 2009-11 biennium, with \$85.4 million of that amount recommended to continue the Title I basic programs, \$6.1 million to continue the Reading First program, and \$2.9 million for school improvement efforts. The remaining federal funds are recommended to continue the migrant aid grant, neglected and delinquent child grant, and accountability grant. Federal funds for the Comprehensive School Reform and Even Start programs were eliminated during the 2007-09 biennium. In total, The Executive Budget recommends federal funds of \$190.5 million over the 2009-11 biennium for the Title I budget, representing an increase of 12.5 percent over the \$169.4 million approved for the 2007-09 biennium.

#### **ELEMENTARY AND SECONDARY EDUCATION ACT – TITLES II, V, AND VI**

The following NCLB programs and funding are recommended in The Executive Budget for each fiscal year of the 2009-11 biennium: Title II, Teacher Quality Grant - \$14.8 million; Title II, Mathematics and Science Partnerships - \$1.1 million; and Title VI - State Assessment Grant - \$5.1 million. The Title II Education Technology grant and the Title V Innovative Education grant were eliminated during the 2007-09 biennium. The Executive Budget recommends \$41.9 million in federal funds over the 2009-11 biennium for these programs, representing a 10.0 percent decrease from the \$46.5 million approved for the 2007-09 biennium.

#### **DRUG ABUSE EDUCATION**

The Title IV Safe and Drug Free Schools and Communities federal grant provides drug abuse education in elementary and secondary schools in the state, as well as programs to prevent violence in and around schools. For the 2009-11 biennium, The Executive Budget reflects a 47.2 percent decrease in this federal grant from the \$2.69 million approved for the current biennium to \$1.42 million for the 2009-11 biennium. As a result of the decrease in the federal funds, the Governor recommends a reduction in sub-grant awards to the school districts (aid-to-schools).

## **INDIVIDUALS WITH DISABILITIES ACT**

The Individuals with Disabilities Act (IDEA) provides federal funding to assist students with disabilities to improve their performance on statewide assessments, with the goal of increasing the high school graduation rate and assisting students with disabilities to improve skills and behaviors to benefit post-secondary outcomes. In addition to the department administering the IDEA program and providing sub-grants to school districts, the department monitors students whose individual educational program (IEP) cannot be met at their home school district (NRS 395 program). The Executive Budget recommends a total of \$141.8 million over the 2009-11 biennium, representing a 10.3 percent increase over the \$128.6 million approved for the 2007-09 biennium. Of the \$141.8 million recommended for the 2009-11 biennium, \$41,982 of that amount is General Fund for support of the NRS 395 program.

## **TEACHER EDUCATION AND LICENSING**

The Teacher Education and Licensing budget approves programs for the preparation of teachers in the state and implements regulations adopted by the Commission on Professional Standards in Education. Licensing staff determine eligibility, approve and issue licenses for teachers and other educational personnel, and administer the competency testing program for initial teacher applications. This budget is funded by revenue received from licensing fees. For the 2009-11 biennium, The Executive Budget recommends expenditures of \$3.51 million (not including reserves) for the program, which represents a 7.9 percent increase compared to the \$3.26 million (not including reserves) approved for the 2007-09 biennium. Included in the recommended expenditures are enhancements for a new telephone system for the Las Vegas office, upgrades to the on-line capabilities of the licensing system, monitoring of revoked licenses, staff training, and funding for contract services to complete the scanning of teacher files into the licensing system.

## **EDUCATION SUPPORT SERVICES**

The Support Services budget contains staff and costs associated with the department's grant accounting, reporting, auditing, accounts payable and receivable, payroll and personnel, budgeting and purchasing, networking, and copying. The account is funded by indirect costs charged against all other budget accounts in the department, including those funded with General Fund appropriations. Several biennia ago, in an effort to facilitate cash flow and ease of accounting, the General Fund appropriation for the indirect costs related to General Fund activities was placed directly into this account rather than the account where the activity occurs. This process has led to confusion as to the purpose of the General Fund appropriation in this account, as well as understating the actual cost of General Fund programs in other accounts (since the amount provided for those programs in those accounts did not include indirect costs).

The Executive Budget for the 2009-11 biennium does not include any General Fund appropriation in the Support Services account, but rather provides the General Fund support in each account where the programs are funded. The indirect cost portion of each program will be transferred into this account as the costs are incurred.

## **NEVADA SYSTEM OF HIGHER EDUCATION**

The Nevada System of Higher Education (NSHE) is governed by a 13-member Board of Regents. The system comprises the Chancellor's Office; the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); the Nevada State College at Henderson (NSC); the College of Southern Nevada (CSN); Western Nevada College (WNC); Great Basin College (GBC); Truckee Meadows Community College (TMCC); the UNR School of Medicine; the UNLV Law School; the UNLV Dental School; and the Desert Research Institute (DRI). NSHE budgets are primarily formula driven.

### **GOVERNOR RECOMMENDS 35.9 PERCENT DECREASE IN GENERAL FUND APPROPRIATIONS**

The NSHE's operating budget for the 2009-11 biennium is recommended to total \$1.26 billion, net of interagency transfers, which is 25.2 percent lower than the \$1.68 billion approved by the Legislature for the 2007-09 biennium. The Governor recommends \$843.9 million in General Fund appropriations for the 2009-11 biennium, which is a decrease of \$472.5 million, or 35.9 percent, as compared to the legislatively-approved amount for 2007-09. The Governor's budget allocates 13.7 percent of recommended General Fund appropriations to the NSHE during the 2009-11 biennium, which is significantly lower than the 19.3 percent approved by the 2007 Legislature.

### **ENROLLMENT GROWTH**

Enrollments are projected to increase during the 2009-11 biennium. System-wide, actual full-time equivalent (FTE) enrollments grew by 3.26 percent in FY 2007-08 over FY 2006-07 actuals – higher than the budgeted enrollment growth of 1.96 percent. Projected enrollments in FY 2009-10 are 6.23 percent higher system-wide than the FTE enrollments budgeted in FY 2008-09. The system projects enrollment growth of 3.18 percent in FY 2010-11. The College of Southern Nevada (CSN) and Great Basin College (GBC) are projected to have the largest percentage increases, while enrollment growth at UNR is projected to increase at approximately 1.0 percent and UNLV is projected to increase by less than 1.0 percent per year. The Governor's recommended budget utilizes the system's enrollment figures.

With the exception of Nevada State College, the NSHE used three-year weighted averages from FY 2006-07 through FY 2008-09 to project enrollment percentage changes. One notable modification in procedure is that fall 2008 actual enrollments were annualized to determine the FY 2009 annual enrollments. Due to Nevada State College (NSC) being a relatively new institution, the system did not employ weighted averages with NSC; consistent with past years, NSC's enrollments were projected based upon unweighted prior-year actuals. Annualized actual and projected FTE enrollments by institution are summarized as follows:

Annualized Actual and Projected FTE Enrollments									
Campus	FY 07 Actual FTE	FY 08 Budgeted FTE	FY 08 Actual FTE	% chg FY 08 Act/ FY07 Act	FY 09 Budgeted FTE	FY 10 Gov Rec FTE	% chg FY 10/ FY 09	FY 11 Gov Rec FTE	% chg FY 11/ FY 10
UNLV	19,638	19,670	19,543	-0.48%	19,814	19,973	0.80%	20,047	0.37%
UNR	12,039	12,404	12,227	-1.56%	12,542	12,647	0.84%	12,804	1.24%
CSN	18,176	18,455	19,607	7.87%	18,760	22,209	18.38%	23,582	6.18%
TMCC	6,160	6,345	6,479	5.18%	6,544	6,967	6.46%	7,231	3.79%
WNC	2,393	2,465	2,388	-0.21%	2,540	2,393	-5.79%	2,402	0.38%
GBC	1,589	1,561	1,643	3.40%	1,570	1,937	23.38%	2,076	7.18%
NSC	1,327	1,677	1,437	8.29%	1,968	1,580	-19.72%	1,714	8.48%
<b>Totals</b>	<b>61,322</b>	<b>62,577</b>	<b>63,324</b>	<b>3.26%</b>	<b>63,738</b>	<b>67,706</b>	<b>6.23%</b>	<b>69,856</b>	<b>3.18%</b>

### **FORMULA FUNDING**

The seven teaching institutions are primarily funded through enrollment-driven formulas. For fiscal years 2007-08 and 2008-09, the 2007 Legislature funded the NSHE main formula accounts at 85.5 percent. The Governor recommends formula maintenance funding at 85.77 percent, resulting in General Fund increases of \$30.70 million in FY 2009-10 and \$34.65 million in FY 2010-11. However, in several enhancement modules, the Governor proposes General Fund formula reductions totaling \$234.74 million in FY 2009-10 and \$238.03 million in FY 2010-11. The net impact of the Governor's formula recommendations would result in General Fund formula reductions totaling \$204.04 million in FY 2009-10 and \$203.38 million in FY 2010-11.

The table below displays the formula-related General Fund recommendations included in The Executive Budget. Preliminary calculations indicate that when combined with other budget reductions described later in this report, the Governor's recommendations would drop formula funding percentages from the legislatively-approved 85.5 percent level to a range of between 51.73 and 54.61 percent.

Governor's Formula Funding Recommendations General Fund Only						
Institution	FY 2010			FY 2011		
	Formula Maintenance	Formula Enhancement	TOTAL Formula Funding	Formula Maintenance	Formula Enhancement	TOTAL Formula Funding
UNR	\$ 2,112,794	<\$61,463,818>	<\$59,351,024>	\$ 2,042,095	<\$62,168,967>	<\$60,126,872>
UNLV	\$ 3,359,413	<\$85,027,954>	<\$81,668,541>	\$ 2,346,780	<\$85,194,909>	<\$82,848,129>
NSC	<\$1,681,278>	<\$ 5,829,511>	<\$ 7,510,789>	<\$ 759,175>	<\$ 6,170,975>	<\$ 6,930,150>
GBC	\$ 3,435,784	<\$ 7,452,171>	<\$ 4,016,387>	\$ 4,262,472	<\$ 7,779,080>	<\$ 3,516,608>
CSN	\$19,159,424	<\$48,085,600>	<\$28,926,176>	\$22,460,686	<\$49,672,120>	<\$27,211,434>
WNC	<\$ 210,038>	<\$ 7,921,603>	<\$ 8,131,641>	<\$ 563,074>	<\$ 7,849,082>	<\$ 8,412,156>
TMCC	\$ 3,432,089	<\$17,484,893>	<\$14,052,804>	\$ 3,861,847	<\$ 17,748,912>	<\$13,887,065>
NFB Equip.	\$ 1,092,411	<\$ 1,474,988>	<\$ 382,577>	\$ 994,924	<\$ 1,442,857>	<\$ 447,933>
<b>TOTALS</b>	<b>\$30,700,599</b>	<b>&lt;\$234,740,538&gt;</b>	<b>&lt;\$204,039,939&gt;</b>	<b>\$ 34,646,555</b>	<b>&lt;\$238,026,902&gt;</b>	<b>&lt;\$203,380,347&gt;</b>



## **FEE AND TUITION INCREASES**

The Board of Regents approved annual full-time undergraduate and graduate student fee increases at the colleges and universities ranging from \$2.75 per credit to \$21.75 per credit for the 2009-11 biennium. By Board policy, undergraduate registration fees charged for full-time attendance are set at the equivalent of the median of state averages published by the Western Interstate Commission for Higher Education (WICHE), using a three-year lag. Registration fee and non-resident tuition increases for full-time students range from 2.6 percent to 11.2 percent per year. Current and Regents-approved fee schedules are provided below:

Type of Institution/Fee	FY 2009 Current Fees/Tuition	Regents Approved (Gov. Rec.) FY 2010	FY 2010 Dollar Change	% Change FY 09/ FY 10	Regents Approved (Gov. Rec.) FY 2011	FY 2011 Dollar Change	% Change FY 10/ FY 11
<b>Community Colleges</b>							
Resident	\$57.25/credit	\$60.00/credit	\$2.75	4.8%	\$63.00/credit	\$3.00	5.0%
Upper Division (GBC, CSN, WNC)	\$93.50/credit	\$98.25/credit	\$4.75	5.1%	\$103.25/credit		5.1%
Non-Resident	\$5,709/year	\$6,188/year	\$479	8.4%	\$6,347/year	\$159	2.6%
<b>Nevada State College</b>							
Resident	\$93.50/credit	\$98.25/credit	\$4.75	5.1%	\$103.25/credit	\$5.00	5.1%
Non-Resident	\$8,398/year	\$9,264/year	\$866	10.3%	\$9,818/year	\$554	6.0%
<b>Universities</b>							
Resident Undergrad.	\$129.50/credit	\$136.00/credit	\$6.50	5.0%	\$142.75/credit	\$6.75	5.0%
Resident Graduate	\$198.00/credit	\$217.75/credit	\$19.75	10.0%	\$239.50/credit	\$21.75	10.0%
Non-Resident	\$11,095/year	\$12,340/year	\$1,245	11.2%	\$13,290/year	\$950	7.7%

## **ADJUSTED BASE**

The adjusted base totals \$876.5 million in FY 2009-10, net of interagency transfers, reflecting a 1.26 percent increase over the FY 2008-09 legislatively-approved adjusted base budget of \$865.6 million. In FY 2010-11, the adjusted base increases to \$890.0 million, or an additional 1.55 percent. NSHE's adjusted base budget includes adjustments such as professional merit, classified step increases, longevity and extension of contractual obligations. However, The Executive Budget subsequently recommends the removal of longevity and merit step/professional merit increases and a six-percent reduction in salaries through a series of negative enhancement modules. There are several other notable items within the adjusted base as follows:

- Elimination of Operating Capital Investment Revenues – The Executive Budget recommends the elimination of Operating Capital Investment income for FY 2009-10 and FY 2010-11. This was requested by the NSHE due to investment market conditions and represents a \$2.96 million annual decrease in the state-supported operating budgets' revenues and expenditures.
- UNLV Paradise Lease – For the 2007-09 biennium, the Governor recommended, and the 2007 Legislature approved, an additional \$1.57 million per year for anticipated lease cost increases on the Paradise Elementary School property, scheduled to take effect January 20, 2007. In prior years, UNLV paid \$154,150 to

the Clark County Department of Aviation to lease the facility. The Executive Budget continues the enhanced level of funding in the 2009-11 biennium.

- System Administration Audit Contract – For the 2007-09 biennium, the Governor recommended, and the Legislature approved, an increase in the cost of the NSHE's independent audit contract (from \$345,800 in FY 2006-07 to \$682,500 in FY 2008-09). The Executive Budget recommends the annual cost of the NSHE audit contract increase by an additional \$67,500.

#### **MAINTENANCE ITEMS**

The maintenance section of the operating budget totals \$96.4 million for the biennium, which includes General Fund appropriations of \$78.6 million. Demographic/caseload changes (enrollment) primarily account for the increases at \$37.5 million in FY 2009-10 and \$45.7 million in FY 2010-11. New space requests represent the next largest increase. Several of the more significant maintenance modules are described in more detail below.

- Insurance Inflation – The Governor recommends a net decrease of <\$473,457> for FY 2009-10 and <\$321,514> for FY 2010-11 based upon projected insurance costs, including property and contents, medical malpractice liability, allied health, vehicle liability, comprehensive and collision, and excess liability. In the School of Medicine's budget, the state's share of medical malpractice insurance expenditures is recommended to increase by \$58,675, or 4.87 percent, in FY 2009-10 and an additional \$126,414, or 10.0 percent, in FY 2010-11. The state's share is 50 percent of the total annual premium cost.
- Operation and Maintenance of New Space – The Governor recommends \$1.12 million in FY 2009-10 and \$2.62 million in FY 2010-11 for operations and maintenance (O&M) costs related to new space added or anticipated to be added during the 2009-11 biennium, distributed as follows:

<b>NSHE Institution</b>	<b>FY 2010</b>	<b>FY 2011</b>
UNLV	\$312,999	\$300,859
UNR	\$1,117,761	\$2,633,744
UNSOM	<\$38,347>	<\$38,347>
CSN	<\$235,881>	<\$236,412>
GBC	<\$111,500>	<\$115,032>
TMCC	\$19,839	\$19,839
DRI	\$53,346	\$53,324
<b>Total Change</b>	<b>\$1,118,217</b>	<b>\$2,617,975</b>

- UNLV – NSHE anticipates that a net increase of 28,949 square feet of building space will be added at UNLV. The more prominent changes include the addition of 7,763 square feet at East Harmon for the UNLV Police Department and 33,798 square feet in new space added as a result of updated space calculations. The recommendation also accounts for the demolition of Frazier Hall (<14,800> square feet.).

- UNR – The UNR recommendation includes 289,483 square feet of new building space, including a portion of the Center for Molecular Medicine ( 75,928 square feet/July 2010); Davidson Math and Science Center (104,306 square feet/February 2010); adding back Getchell Library space removed in FY 2009 (60,000 square feet/July 2009); and the Aging Research Center (15,000 square feet/January 2010).
  - UNSOM – The Governor recommends an annual reduction of <\$38,347> in General Fund space support effective July 2009 due to a projected reduction in leased space.
  - CSN – A total of <24,602> square feet of space is anticipated to be removed as a result of elimination of various leases, including the collision repair space (<13,972> square feet/July 2009). Corrections to space calculations account for an additional <12,022> square-foot reduction.
  - GBC – NSHE anticipates a net reduction of <12,988> square feet at the various GBC campus locations, including the addition of 10,000 square feet in Pahrump (July 2009); deleting <15,798> square feet at the “Old Elko Clinic” (July 2009); deleting a combined <12,338> square feet of diesel shop and Vaughn Industrial building space (July 2009); and adding 3,840 square feet in Elko campus modular space (July 2009).
  - TMCC – A total of 1,901 square feet of storage space for the TMCC Police Department is anticipated to be added in July 2009.
  - DRI – NSHE proposes a net 5,084 square feet in new space effective July 2009. In addition to deleting <2,130> square feet in modular space, DRI adds 6,896 square feet in CAVE facility space and 318 square feet in UNR Soils project space.
- New Space Rentals – The Executive Budget includes \$250,968 in FY 2009-10 and \$264,377 in FY 2010-11 for new space rentals at GBC, DRI and NSHE System Administration in Las Vegas as follows:

NSHE Institution	FY 2010	FY 2011
GBC	\$174,000	\$186,000
DRI	\$30,000	\$30,000
System Admin.	\$46,968	\$48,377
<b>Total Change</b>	<b>\$250,968</b>	<b>\$264,377</b>

- Athletic Fee Waivers – The Governor recommends \$373,040 in FY 2009-10 and \$756,960 in FY 2010-11 to fund fee and tuition cost increases associated with the existing intercollegiate athletics fee waiver programs at UNR and UNLV. The 2007 Legislature funded student-athlete fee payments entirely through General Fund appropriation. Funding is proposed as follows:

NSHE Account	FY 2010	FY 2011
UNLV ICA	\$196,682	\$416,420
UNR ICA	\$176,358	\$340,540
<b>Total Change</b>	<b>\$373,040</b>	<b>\$756,960</b>

- Fringe Rate Adjustments – The Executive Budget recommends \$952,720 in FY 2009-10 and \$6.93 million in FY 2010-11 to fund fringe rate adjustments. The most significant rate changes are the retirement contribution rate increases, which total \$3.6 million for each year of the biennium and retired employees' group insurance at <\$3.46 million> in FY 2009-10 and <\$2.07 million> in FY 2010-11. The Governor recommends additional rate reductions in a subsequent enhancement decision module.

## **ENHANCEMENTS**

- Salary and Benefit Reductions – The Governor recommends a six-percent salary reduction, suspension of professional and classified merit pay and longevity and benefit reductions that cumulatively decrease funding by an additional <\$59.9 million> in FY 2010 and <\$76.1 million> in FY 2011, as shown in the table below:

<b>Salary &amp; Benefit Changes</b>	<b>FY 2010 General Fund Impact (Gov. Rec.)</b>	<b>FY 2011 General Fund Impact (Gov. Rec.)</b>
Six Percent Salary Reduction	<\$ 34,423,383>	<\$ 34,553,821>
Merit Pay Suspension	<\$ 12,103,910>	<\$ 25,059,806>
Longevity Pay Suspension	<\$ 878,900>	<\$ 993,750>
Health Insurance Benefit Reduction	<\$ 12,446,276>	<\$ 15,504,216>
<b>TOTAL REDUCTIONS</b>	<b>&lt;\$ 59,852,469&gt;</b>	<b>&lt;\$ 76,111,593&gt;</b>

- WICHE Program Transfer – The Governor recommends transferring Nevada's Western Interstate Commission for Higher Education (WICHE) program office staff and accompanying program expenditures to the NSHE System Administration office. While the WICHE program is housed on the UNR campus, the program's administration has historically been independent of the NSHE. The WICHE program is currently staffed with 3.51 positions. The Governor proposes to eliminate 2 positions (Director and Account Technician) and transfer the remaining 1.51 positions (Program Officers) to the NSHE System Administration. The Executive Budget also proposes a reduction of state General Fund which supports all or part of ten student "slots" (two dental, one optometry, two physician assistant, two veterinary, three pharmacy) in each year of the biennium. Seven of the ten slots were reductions implemented to meet the current biennium's 4.5 percent budget reductions and continue in the upcoming biennium.
- Transfer of UNR Fire Science Academy to Office of the Military – The Governor proposes to transfer the University of Nevada, Reno Fire Science Academy (FSA) in Carlin to the Office of the Military. The State Public Works Board plans to renovate the FSA to establish a Nevada Army National Guard Readiness Center (2009-11 CIP Project C15) in lieu of constructing a new Readiness Center in Elko. The Executive Budget proposes to transfer \$456,242 in staff (10.75 positions) and

associated operating costs in FY 2010-11 from UNR to the Office of the Military, commencing January 2011. Beyond the state support provided for operations and maintenance costs, the FSA is otherwise a UNR self-supporting budget account. Currently, \$6.50 per credit hour of the fees paid by UNR students is allocated to make payments on the FSA's approximately \$27.1 million outstanding bond debt. As of December 31, 2008, the FSA also had a \$12.6 million operating deficit accumulated through years of operating at a negative cash flow.

#### **OTHER**

**INtegrate Project** – As recommended by the Governor, the 2007 Legislature approved S.B. 192, which appropriated \$10.0 million to the NSHE to begin the process of integrating NSHE computing resources. The NSHE contributed \$15.0 million in institutional resources to the project. The \$25.0 million in total funding was approved to support the first phase of the Integrated Information Systems project (INtegrate). Information provided during the 2007 Session indicated that the multi-phased project would ultimately take from five to eight years to complete, at an estimated total cost of \$92.0 million. Senate Bill 192 provided that the NSHE must expend its \$15.0 million in institutional resources prior to expending the \$10.0 million state General Fund appropriation.

To meet budget reduction targets for the 2007-09 biennium, NSHE reverted the full \$10.0 million General Fund appropriation. In its agency-requested budget, the NSHE sought a \$10.0 million General Fund appropriation in FY 2009-10 to restore the funding lost during the 2007-09 biennium, and an additional \$2.0 million in FY 2010-11 to begin planning and design of the second phase of the project. However, **The Executive Budget** provides no funding in support of the INtegrate Project. The NSHE indicates that progress has been made, including the selection of both hardware and software vendors, and that preliminary implementation has begun.

#### **CAPITAL IMPROVEMENTS**

The Governor recommends funding for a total of seven capital improvement projects. Two of the seven items seek furniture, fixtures and equipment (FF&E) or completion funding for previously-authorized projects. A total of \$72.68 million in funding is recommended, with \$58.98 million coming from state sources and \$13.70 million recommended from other sources.

<b>Project Number</b>	<b>Inst</b>	<b>Project Description</b>	<b>State Funds (Mil \$)</b>	<b>Other Funds (Mil \$)</b>	<b>Total Request (Mil \$)</b>
C05	UNHSS	Medical Education Learning Lab Bldg-Reno	\$31.20	11.20	\$42.40
C08	UNR	Davidson Math and Science Center - FF&E	3.73	\$0	\$3.73
C09	UNR	Center for Molecular Medicine – FF&E	\$7.43	\$0	\$7.43
C11	WNC	ADA and Life Safety Retrofit	\$2.23	\$0	\$2.23
C16	DRI	Boulder City Laboratory Renovation	\$2.37	\$0	\$2.37
M21	TMCC	HVAC Renovation	\$2.02	\$0	\$2.02
M38	Multiple	Deferred Maintenance (HECC/SHECC)	\$10.00	\$2.50	\$12.50
		<b>NSHE Totals</b>	<b>\$58.98</b>	<b>\$13.70</b>	<b>\$72.68</b>

## **DEPARTMENT OF CULTURAL AFFAIRS**

The Department of Cultural Affairs provides leadership in cultural and information management, preservation of cultural heritage and the promotion of cultural resources, activities and education. The department currently operates with 177.88 positions and is comprised of four divisions: the Division of Museums and History, the State Library and Archives, the State Historic Preservation Office and the Nevada Arts Council.

The Executive Budget recommends General Fund appropriations for the department of \$9.84 million in FY 2009-10 and \$9.28 million in FY 2010-11. The recommended General Fund total of \$19.1 million for the 2009-11 biennium represents a decrease of 35.6 percent from the \$29.69 million approved by the Legislature for the 2007-09 biennium. The Governor recommends overall funding of \$14.51 million in FY 2009-10 and \$13.98 million in FY 2010-11. Additionally, The Executive Budget recommends a reduction of 70.65 positions, which would bring the department to a total of 107.23 positions.

### **DIRECTOR'S OFFICE**

The Executive Budget recommends eliminating production of the Exploring Nevada video series and pass-through funding for the Governor's Advisory Council for Education on the Holocaust and Nevada Humanities. These eliminations result in a General Fund reduction of \$203,125 in each year of the biennium.

### **DIVISION OF MUSEUMS AND HISTORY**

The division includes the following facilities: the Nevada Historical Society in Reno, the Nevada State Museum and Historical Society in Las Vegas, the Boulder City Railroad Museum, the East Ely Railroad Depot Museum, the Lost City Museum in Overton, and the Carson City facilities, which include the administration office, the Nevada State Museum, and the Nevada State Railroad Museum. The Executive Budget recommends closing the museum at the Historical Society and the East Ely Railroad Depot Museum, and reducing the hours of operation at the other museums from seven days per week to four days per week. The Boulder City Railroad Museum would continue to operate only on Saturdays and Sundays. Overall General Fund support for the Division of Museums and History is recommended to be reduced by 36.9 percent during the 2009-11 biennium compared to amounts approved by the 2007 Legislature for the 2007-09 biennium.

The Governor recommends mothballing the State Museum at the Las Vegas Springs Preserve for the 2009-11 biennium. The agency indicates general construction will be complete in March 2009; however, funding has not been recommended to provide for exhibit construction. The Executive Budget does not include funding for staffing and operating the museum during the upcoming biennium.

## **STATE HISTORIC PRESERVATION OFFICE**

The State Historic Preservation Office's mandate is to encourage preservation, documentation, and use of cultural resources through state and federal programs. Programs include preservation of buildings and archeological sites, grant distribution and management, the national and state registers of historical places, and historical markers. The Executive Budget recommends reducing General Fund appropriations for the division by approximately \$110,000 in the 2009-11 biennium by closing the Comstock History Center in Virginia City. The Executive Budget also recommends elimination of the Site Stewardship program and the staff responsible for coordinating volunteers who monitor the condition of at-risk archeological sites for signs of natural or man-made damage. The program is currently funded primarily with room tax revenues. The budget also reduces funding for the Historical Marker program and funding for grants supporting preservation activities, such as public relations, heritage tourism, public education, and rehabilitation of structures not on the National Registry of Historical Places.

## **STATE LIBRARY AND ARCHIVES**

The Division of State Library and Archives provides a variety of support services to assist state agencies, public libraries and the general public throughout the state. The Governor recommends reducing General Fund appropriations during the 2009-11 biennium by 36.6 percent compared to funding approved by the 2007 Legislature by closing the Nevada Literacy Office and reducing the hours of operation at the State Library and State Archives. The Executive Budget recommends reducing General Funds for collection development for public libraries throughout the state by \$408,305 in each year of the biennium.

## **NEVADA ARTS COUNCIL**

The Nevada Arts Council promotes Nevada's cultural life through grants and technical assistance to individuals, as well as organizations. The Executive Budget recommends eliminating funding for the Challenge Grant program and reducing funding for programs such as Arts in Education, Community Arts Development program, Public Information/Arts Initiatives, Folk Art program, Artists Services, Artist Fellowships, and Tumblewords. The Governor recommends reducing General Fund support during the 2009-11 biennium by 59.0 percent compared to funding approved by the 2007 Legislature.

## **CAPITAL IMPROVEMENTS**

The Executive Budget recommends \$1.2 million in state funding over the 2009-11 biennium for the installation of new compact shelving in the State Records Center and the State Archives building. This will allow State Records to double its current storage capacity and State Archives to have more space to hold agency records while determining which qualify as archival material.





**Nevada Legislative Counsel Bureau  
Source of Funds Summary  
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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>EDUCATION</b>						
<b>DEPARTMENT OF EDUCATION</b>						
<b>INCENTIVES FOR LICENSED EDUCATIONAL PERSONNEL</b>	17,629,059	36,384,286				
BALANCE FORWARD	-5,313,518	5,313,519				
INTER-AGENCY TRANSFER	22,942,577	31,070,767				
<b>NDE - DISTRIBUTIVE SCHOOL ACCOUNT</b>	1,248,715,439	1,108,553,654	1,247,527,766	12.54	1,247,852,337	.03
GENERAL FUND	1,127,255,597	956,943,417	1,093,720,982	14.29	1,090,154,838	-.33
FEDERAL FUND	8,670,417	6,354,164	9,198,446	44.76	9,474,399	3.00
INTER-AGENCY TRANSFER	-22,942,577	-31,070,767				
OTHER FUND	157,985,205	176,326,840	144,608,338	-17.99	148,223,100	2.50
REVERSIONS	-22,253,203					
<b>NDE - OTHER STATE EDUCATION PROGRAMS</b>	12,702,269	28,514,577	13,546,253	-52.49	12,762,425	-5.79
GENERAL FUND	23,391,562	28,228,916	13,546,253	-52.01	12,760,937	-5.80
BALANCE FORWARD	-31,985	113,494			1,488	
INTER-AGENCY TRANSFER	79,400					
OTHER FUND	58,841	172,167				
REVERSIONS	-10,795,549					
<b>NDE - SCHOOL REMEDIATION TRUST FUND</b>	55,035,265	105,523,713	27,929,186	-73.53	28,521,344	2.12
GENERAL FUND	60,375,718	85,539,038	25,533,069	-70.15	27,243,848	6.70
BALANCE FORWARD	-10,313,120	18,800,855	1,444,790	-92.32		
OTHER FUND	4,972,667	1,183,820	951,327	-19.64	1,277,496	34.29
<b>NDE - EDUCATION STATE PROGRAMS</b>	2,822,915	3,565,299	4,807,399	34.84	5,373,062	11.77
GENERAL FUND	3,046,782	3,188,144	4,780,764	49.95	5,359,062	12.10
BALANCE FORWARD	45,873	81,707				
FEDERAL FUND		74,535				
INTER-AGENCY TRANSFER	46,638	211,362				
OTHER FUND	26,635	9,551	26,635	178.87	14,000	-47.44
REVERSIONS	-343,013					
<b>NDE - EDUCATION STAFFING SERVICES</b>	444,194	573,029	1,153,140	101.24	1,161,806	.75
INTER-AGENCY TRANSFER	444,194	573,029	1,153,140	101.24	1,161,806	.75
<b>NDE - EDUCATION SUPPORT SERVICES</b>	2,502,062	2,992,667	3,454,511	15.43	3,642,238	5.43
GENERAL FUND	1,167,308	1,223,825				
BALANCE FORWARD	54,639	70,972	93,984	32.42	392,562	317.69
INTER-AGENCY TRANSFER	1,354,780	1,697,870	3,360,527	97.93	3,249,676	-3.30
REVERSIONS	-74,665					
<b>NDE - PROFICIENCY TESTING</b>	4,982,030	5,375,529	6,993,819	30.10	6,482,782	-7.31
GENERAL FUND	5,001,991	5,345,708	6,993,819	30.83	6,482,782	-7.31
INTER-AGENCY TRANSFER		29,821				
REVERSIONS	-19,961					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NDE - TEACHER EDUCATION AND LICENSING</b>	1,446,179	2,250,843	2,272,743	.97	2,018,546	-11.18
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	-121,970	527,124	625,810	18.72	478,713	-23.51
INTER-AGENCY TRANSFER	90,612	94,974				
OTHER FUND	1,477,537	1,628,645	1,646,833	1.12	1,539,733	-6.50
REVERSIONS	-100					
<b>NDE - DRUG ABUSE EDUCATION</b>	1,225,275	1,794,577	710,343	-60.42	710,344	.00
FEDERAL FUND	1,225,275	1,743,112	658,230	-62.24	658,231	.00
INTER-AGENCY TRANSFER		51,465	52,113	1.26	52,113	
<b>NDE - SCHOOL HEALTH EDUCATION - AIDS</b>	244,591	231,046	273,186	18.24	273,186	.00
FEDERAL FUND	244,591	231,046	273,186	18.24	273,186	
<b>NDE - GEAR UP</b>	2,038,594	3,109,159	3,111,439	.07	3,111,747	.01
FEDERAL FUND	1,479,976	1,500,000	1,500,000		1,500,000	
OTHER FUND	558,618	1,609,159	1,611,439	.14	1,611,747	.02
<b>NDE - OTHER UNRESTRICTED ACCOUNTS</b>	1,716,169	2,079,966	744,904	-64.19	894,698	20.11
BALANCE FORWARD	117,436	112,315	251,746	124.14	362,357	43.94
FEDERAL FUND	1,329,453	1,967,651	267,618	-86.40	271,801	1.56
OTHER FUND	269,280		225,540		260,540	15.52
<b>NDE - DISCRETIONARY GRANTS - RESTRICTED</b>	16,546,376	17,545,499	14,904,512	-15.05	13,310,854	-10.69
GENERAL FUND			1,875		1,875	
FEDERAL FUND	16,546,376	17,545,499	14,902,637	-15.06	13,308,979	-10.69
<b>NDE - ELEMENTARY &amp; SECONDARY ED - TITLE I</b>	96,030,430	84,678,545	95,228,751	12.46	95,228,651	-.00
FEDERAL FUND	96,030,053	84,678,545	95,228,751	12.46	95,228,651	-.00
INTER-AGENCY TRANSFER	377					
<b>NDE - ELEMENTARY &amp; SECONDARY ED TITLES II, V, &amp; VI</b>	22,914,524	25,315,847	20,952,723	-17.23	20,923,338	-.14
FEDERAL FUND	22,914,524	25,315,847	20,952,723	-17.23	20,923,338	-.14
<b>NDE - STUDENT INCENTIVE GRANTS</b>	521,325	534,833	533,191	-.31	533,509	.06
GENERAL FUND	380,789	382,876	381,943	-.24	382,261	.08
FEDERAL FUND	151,248	150,206	151,248	.69	151,248	
INTER-AGENCY TRANSFER		1,751				
REVERSIONS	-10,712					
<b>NDE - CAREER AND TECHNICAL EDUCATION</b>	9,615,437	9,281,812	8,880,213	-4.33	8,880,213	.00
GENERAL FUND	379,612	392,500	476,103	21.30	476,103	
BALANCE FORWARD	16,364					
FEDERAL FUND	9,211,824	8,865,895	8,404,110	-5.21	8,404,110	
INTER-AGENCY TRANSFER	3,441	23,417				
OTHER FUND	4,196					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NDE - CONTINUING EDUCATION</b>	5,135,097	4,798,637	4,819,591	.44	4,819,326	-.01
GENERAL FUND	614,015	617,430	661,861	7.20	661,595	-.04
FEDERAL FUND	4,517,790	4,171,628	4,157,730	-.33	4,157,731	.00
INTER-AGENCY TRANSFER	3,912	9,579				
REVERSIONS	-620					
<b>NDE - NUTRITION EDUCATION PROGRAMS</b>	77,604,727	88,749,451	87,407,424	-1.51	88,834,767	1.63
GENERAL FUND	305,075	315,286	380,294	20.62	380,305	.00
BALANCE FORWARD	14,860	25,662	25,662		25,662	
FEDERAL FUND	77,234,948	88,363,771	86,977,335	-1.57	88,428,800	1.67
INTER-AGENCY TRANSFER	24,711	17,654				
OTHER FUND	25,133	27,078	24,133	-10.88		
<b>NDE - INDIVIDUALS WITH DISABILITIES (IDEA)</b>	66,351,280	64,304,258	70,901,588	10.26	70,901,588	.00
GENERAL FUND	96,609	99,359	20,991	-78.87	20,991	
BALANCE FORWARD	33,195	9,258				
FEDERAL FUND	66,252,760	64,151,627	70,880,597	10.49	70,880,597	
INTER-AGENCY TRANSFER	45,386	44,014				
REVERSIONS	-76,670					
<b>TOTAL DEPARTMENT OF EDUCATION</b>	1,646,223,237	1,596,157,227	1,616,152,682	1.25	1,616,236,761	.01
GENERAL FUND	1,222,015,158	1,082,276,599	1,146,498,054	5.93	1,143,924,697	-.22
BALANCE FORWARD	-15,498,226	25,054,906	2,441,992	-90.25	1,260,782	-48.37
FEDERAL FUND	305,809,235	305,113,526	313,552,611	2.77	313,661,071	.03
INTER-AGENCY TRANSFER	2,093,451	2,754,936	4,565,780	65.73	4,463,595	-2.24
OTHER FUND	165,378,112	180,957,260	149,094,245	-17.61	152,926,616	2.57
REVERSIONS	-33,574,493					
<b>COMMISSION ON POSTSECONDARY EDUCATION</b>						
<b>NDE - COMMISSION ON POSTSECONDARY EDUCATION</b>	395,613	478,701	418,958	-12.48	422,494	.84
GENERAL FUND	331,900	386,721	335,996	-13.12	335,970	-.01
FEDERAL FUND	115,054	73,800	82,962	12.41	86,524	4.29
INTER-AGENCY TRANSFER		18,180				
OTHER FUND	9,030					
REVERSIONS	-60,371					
<b>TOTAL COMMISSION ON POSTSECONDARY EDUCATION</b>	395,613	478,701	418,958	-12.48	422,494	.84
GENERAL FUND	331,900	386,721	335,996	-13.12	335,970	-.01
FEDERAL FUND	115,054	73,800	82,962	12.41	86,524	4.29
INTER-AGENCY TRANSFER		18,180				
OTHER FUND	9,030					
REVERSIONS	-60,371					
<b>NEVADA SYSTEM OF HIGHER EDUCATION</b>						
<b>NSHE SALARY ADJUSTMENT</b>	8,660,829	26,906,578				
GENERAL FUND	8,660,829	26,906,578				

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NSHE - SYSTEM ADMINISTRATION</b>	5,437,172	5,978,475	7,166,898	19.88	7,203,705	.51
GENERAL FUND	5,466,936	5,622,271	6,639,388	18.09	6,676,195	.55
BALANCE FORWARD	10,000,000					
INTER-AGENCY TRANSFER	10,556	244,744				
OTHER FUND	111,460	111,460	527,510	373.27	527,510	
REVERSIONS	-10,151,780					
<b>NSHE - SPECIAL PROJECTS</b>	3,123,254	4,829,844	2,744,999	-43.17	2,746,208	.04
GENERAL FUND	2,739,482	2,751,729	2,744,999	-.24	2,746,208	.04
BALANCE FORWARD	503,291	2,064,310				
INTER-AGENCY TRANSFER	4,377	13,805				
REVERSIONS	-123,896					
<b>NSHE - UNIVERSITY PRESS</b>	818,420	951,253	946,666	-.48	956,134	1.00
GENERAL FUND	875,630	916,397	946,666	3.30	956,134	1.00
INTER-AGENCY TRANSFER	5,081	34,856				
REVERSIONS	-62,291					
<b>NSHE - SYSTEM COMPUTING CENTER</b>	21,178,726	23,838,350	22,898,852	-3.94	23,106,715	.91
GENERAL FUND	22,763,460	23,162,289	22,898,852	-1.14	23,106,715	.91
INTER-AGENCY TRANSFER		676,061				
REVERSIONS	-1,584,734					
<b>NSHE - STATE-FUNDED PERKINS LOAN</b>	50,904	50,904	50,904	.00	50,904	.00
GENERAL FUND	50,904	50,904	50,904		50,904	
<b>NSHE - UNIVERSITY OF NEVADA - RENO</b>	179,737,655	198,492,440	125,582,469	-36.73	127,012,592	1.14
GENERAL FUND	132,264,763	136,590,971	72,357,693	-47.03	70,728,966	-2.25
BALANCE FORWARD	597,276	393,883				
INTER-AGENCY TRANSFER	10,174,014	16,042,445	9,500,000	-40.78	9,500,000	
OTHER FUND	38,228,513	45,465,141	43,724,776	-3.83	46,783,626	7.00
REVERSIONS	-1,526,911					
<b>NSHE - INTERCOLLEGIATE ATHLETICS - UNR</b>	6,484,020	7,054,213	7,000,854	-.76	7,180,347	2.56
GENERAL FUND	6,690,710	6,902,237	7,000,854	1.43	7,180,347	2.56
INTER-AGENCY TRANSFER	69,435	151,976				
REVERSIONS	-276,125					
<b>NSHE - STATEWIDE PROGRAMS - UNR</b>	8,080,850	8,892,041	7,938,284	-10.73	7,977,813	.50
GENERAL FUND	8,282,094	8,509,466	7,938,284	-6.71	7,977,813	.50
INTER-AGENCY TRANSFER	121,138	382,575				
REVERSIONS	-322,382					
<b>NSHE - SCHOOL OF MEDICAL SCIENCES</b>	36,770,181	47,729,903	37,576,176	-21.27	37,842,797	.71
GENERAL FUND	33,883,844	34,753,277	34,570,216	-.53	34,667,081	.28
BALANCE FORWARD	1,267,511	8,671,860				
INTER-AGENCY TRANSFER	490,237	1,579,762				
OTHER FUND	2,526,698	2,725,004	3,005,960	10.31	3,175,716	5.65
REVERSIONS	-1,398,109					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NSHE - HEALTH LABORATORY AND RESEARCH</b>	1,946,760	2,129,397	2,001,178	-6.02	2,010,924	.49
GENERAL FUND	2,008,216	2,046,391	2,001,178	-2.21	2,010,924	.49
INTER-AGENCY TRANSFER	26,729	83,006				
REVERSIONS	-88,185					
<b>NSHE - AGRICULTURAL EXPERIMENT STATION</b>	10,373,978	10,940,073	10,639,198	-2.75	10,685,379	.43
GENERAL FUND	8,991,117	9,249,670	9,249,800	.00	9,295,981	.50
FEDERAL FUND	2,281,984	1,253,645	1,389,398	10.83	1,389,398	
INTER-AGENCY TRANSFER	139,552	436,758				
REVERSIONS	-1,038,675					
<b>NSHE - COOPERATIVE EXTENSION SERVICE</b>	10,545,727	11,833,480	10,802,927	-8.71	10,852,096	.46
GENERAL FUND	9,062,442	9,410,306	8,973,739	-4.64	9,004,750	.35
FEDERAL FUND	1,180,694	1,197,186	1,152,333	-3.75	1,153,230	.08
INTER-AGENCY TRANSFER	173,329	565,964				
OTHER FUND	643,598	660,024	676,855	2.55	694,116	2.55
REVERSIONS	-514,336					
<b>NSHE - BUSINESS CENTER NORTH</b>	2,398,668	2,681,831	2,403,163	-10.39	2,419,067	.66
GENERAL FUND	2,467,263	2,550,450	2,403,163	-5.77	2,419,067	.66
INTER-AGENCY TRANSFER	40,269	131,381				
REVERSIONS	-108,864					
<b>NSHE - UNIVERSITY OF NEVADA - LAS VEGAS</b>	246,162,606	270,671,390	174,099,718	-35.68	174,637,669	.31
GENERAL FUND	168,614,876	172,988,843	83,256,932	-51.87	78,492,606	-5.72
BALANCE FORWARD	591,783	420,548				
INTER-AGENCY TRANSFER	7,991,471	14,889,307	5,706,037	-61.68	5,696,280	-.17
OTHER FUND	75,603,015	82,372,692	85,136,749	3.36	90,448,783	6.24
REVERSIONS	-6,638,539					
<b>NSHE - INTERCOLLEGIATE ATHLETICS - UNLV</b>	8,770,241	9,256,767	9,289,065	.35	9,521,665	2.50
GENERAL FUND	8,891,619	9,103,052	9,289,065	2.04	9,521,665	2.50
INTER-AGENCY TRANSFER	49,235	153,715				
REVERSIONS	-170,613					
<b>NSHE - STATEWIDE PROGRAMS - UNLV</b>	1,403,443	1,527,282	1,412,347	-7.53	1,417,018	.33
GENERAL FUND	1,410,413	1,458,566	1,412,347	-3.17	1,417,018	.33
BALANCE FORWARD	400,000					
INTER-AGENCY TRANSFER	21,966	68,716				
REVERSIONS	-428,936					
<b>NSHE - UNLV LAW SCHOOL</b>	12,227,665	13,193,928	12,688,982	-3.83	12,717,695	.23
GENERAL FUND	8,853,595	9,126,630	8,690,751	-4.78	8,409,503	-3.24
BALANCE FORWARD	250,000					
INTER-AGENCY TRANSFER	163,856	511,744				
OTHER FUND	3,391,256	3,555,554	3,998,231	12.45	4,308,192	7.75
REVERSIONS	-431,042					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NSHE - DENTAL SCHOOL - UNLV</b>	13,018,988	13,780,908	13,420,384	-2.62	13,465,172	.33
GENERAL FUND	8,105,386	8,431,499	8,668,668	2.81	8,713,456	.52
INTER-AGENCY TRANSFER	197,190	615,899				
OTHER FUND	4,888,297	4,733,510	4,751,716	.38	4,751,716	
REVERSIONS	-171,885					
<b>NSHE - BUSINESS CENTER SOUTH</b>	2,087,892	2,281,231	2,068,224	-9.34	2,078,465	.50
GENERAL FUND	2,096,071	2,171,463	2,068,224	-4.75	2,078,465	.50
INTER-AGENCY TRANSFER	35,176	109,768				
REVERSIONS	-43,355					
<b>NSHE - DESERT RESEARCH INSTITUTE</b>	9,810,070	11,142,712	8,692,471	-21.99	8,675,343	-.20
GENERAL FUND	9,361,843	9,795,172	8,543,985	-12.77	8,526,857	-.20
BALANCE FORWARD	244,588	853,863				
INTER-AGENCY TRANSFER	110,937	345,191				
OTHER FUND	148,486	148,486	148,486		148,486	
REVERSIONS	-55,784					
<b>NSHE - GREAT BASIN COLLEGE</b>	18,234,453	20,169,670	15,363,245	-23.83	16,190,170	5.38
GENERAL FUND	16,363,069	16,997,300	12,593,172	-25.91	13,081,733	3.88
INTER-AGENCY TRANSFER	241,688	826,047				
OTHER FUND	2,145,860	2,346,323	2,770,073	18.06	3,108,437	12.21
REVERSIONS	-516,164					
<b>NSHE - WESTERN NEVADA COLLEGE</b>	23,575,091	25,885,436	15,918,558	-38.50	15,750,014	-1.06
GENERAL FUND	20,769,184	21,251,842	12,765,457	-39.93	12,436,308	-2.58
INTER-AGENCY TRANSFER	353,144	1,106,975				
OTHER FUND	3,030,082	3,526,619	3,153,101	-10.59	3,313,706	5.09
REVERSIONS	-577,319					
<b>NSHE - COLLEGE OF SOUTHERN NEVADA</b>	122,106,679	134,132,403	99,923,065	-25.50	104,273,268	4.35
GENERAL FUND	95,156,439	97,672,554	64,839,219	-33.62	65,371,667	.82
INTER-AGENCY TRANSFER	1,680,485	5,221,576				
OTHER FUND	29,435,359	31,238,273	35,083,846	12.31	38,901,601	10.88
REVERSIONS	-4,165,604					
<b>NSHE - TRUCKEE MEADOWS COMMUNITY COLLEGE</b>	48,805,490	52,948,889	35,831,478	-32.33	36,619,381	2.20
GENERAL FUND	40,132,380	41,002,040	25,252,536	-38.41	25,072,611	-.71
INTER-AGENCY TRANSFER	696,228	2,184,075				
OTHER FUND	9,116,083	9,762,774	10,578,942	8.36	11,546,770	9.15
REVERSIONS	-1,139,201					
<b>NSHE - NEVADA STATE COLLEGE AT HENDERSON</b>	17,337,099	21,591,514	11,942,012	-44.69	12,778,768	7.01
GENERAL FUND	15,330,975	17,670,035	9,155,806	-48.18	9,619,048	5.06
INTER-AGENCY TRANSFER		475,881				
OTHER FUND	2,500,071	3,445,598	2,786,206	-19.14	3,159,720	13.41
REVERSIONS	-493,947					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>TOTAL NEVADA SYSTEM OF HIGHER EDUCATION</b>	819,146,861	928,890,912	638,402,117	-31.27	648,169,309	1.53
GENERAL FUND	639,293,540	677,091,932	424,311,898	-37.33	419,562,022	-1.12
BALANCE FORWARD	13,854,449	12,404,464				
FEDERAL FUND	3,462,678	2,450,831	2,541,731	3.71	2,542,628	.04
INTER-AGENCY TRANSFER	22,796,093	46,852,227	15,206,037	-67.54	15,196,280	-.06
OTHER FUND	171,768,778	190,091,458	196,342,451	3.29	210,868,379	7.40
REVERSIONS	-32,028,677					
<b>WICHE PROGRAM</b>						
<b>W.I.C.H.E. LOAN &amp; STIPEND</b>	1,055,370	1,199,098				
GENERAL FUND	703,450	700,048				
OTHER FUND	396,198	499,050				
REVERSIONS	-44,278					
<b>W.I.C.H.E. ADMINISTRATION</b>	367,291	434,125				
GENERAL FUND	365,789	422,146				
INTER-AGENCY TRANSFER	3,778	11,979				
REVERSIONS	-2,276					
<b>TOTAL WICHE PROGRAM</b>	1,422,661	1,633,223				
GENERAL FUND	1,069,239	1,122,194				
INTER-AGENCY TRANSFER	3,778	11,979				
OTHER FUND	396,198	499,050				
REVERSIONS	-46,554					
<b>DEPARTMENT OF CULTURAL AFFAIRS</b>						
<b>DCA - CULTURAL AFFAIRS ADMINISTRATION</b>	1,020,129	1,117,648	1,044,434	-6.55	1,063,900	1.86
GENERAL FUND	931,180	954,381	1,035,006	8.45	1,054,429	1.88
BALANCE FORWARD	136,205	113,919				
INTER-AGENCY TRANSFER	15,083	49,348	9,428	-80.89	9,471	.46
REVERSIONS	-62,339					
<b>DCA - NEVADA HUMANITIES</b>	95,500	100,000				
GENERAL FUND	100,000	100,000				
REVERSIONS	-4,500					
<b>DCA - MUSEUMS &amp; HISTORY</b>	837,828	475,135	433,541	-8.75	434,731	.27
GENERAL FUND	374,331	393,660	433,541	10.13	434,731	.27
BALANCE FORWARD	441,585	63,507				
INTER-AGENCY TRANSFER	59,728	17,968				
REVERSIONS	-37,816					
<b>DCA - LOST CITY MUSEUM</b>	485,723	571,852	377,433	-34.00	381,052	.96
GENERAL FUND	373,637	389,141	304,000	-21.88	307,096	1.02
BALANCE FORWARD	-2,273	2,273				
INTER-AGENCY TRANSFER	48,594	95,506				
OTHER FUND	67,910	84,932	73,433	-13.54	73,956	.71
REVERSIONS	-2,145					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DCA - NEVADA HISTORICAL SOCIETY</b>	736,751	1,068,078	510,130	-52.24	370,016	-27.47
GENERAL FUND	774,098	832,094	510,130	-38.69	370,016	-27.47
BALANCE FORWARD	-141,081	141,081				
INTER-AGENCY TRANSFER	151,076	39,988				
OTHER FUND	42,452	54,915				
REVERSIONS	-89,794					
<b>DCA - NEVADA STATE MUSEUM, CARSON CITY</b>	1,919,918	2,068,727	1,327,536	-35.83	1,270,865	-4.27
GENERAL FUND	1,542,803	1,604,455	1,027,974	-35.93	966,832	-5.95
BALANCE FORWARD	-30,388	30,388				
FEDERAL FUND		4,000				
INTER-AGENCY TRANSFER	113,012	86,258				
OTHER FUND	307,857	343,626	299,562	-12.82	304,033	1.49
REVERSIONS	-13,366					
<b>DCA - NEVADA STATE MUSEUM, LAS VEGAS</b>	1,072,293	1,833,033	921,846	-49.71	926,733	.53
GENERAL FUND	1,062,317	1,661,662	860,824	-48.19	864,054	.38
FEDERAL FUND	900	2,100				
INTER-AGENCY TRANSFER	23,197	51,742				
OTHER FUND	37,493	117,529	61,022	-48.08	62,679	2.72
REVERSIONS	-51,614					
<b>DCA - STATE RAILROAD MUSEUMS</b>	2,492,117	2,721,721	1,129,898	-58.49	1,040,225	-7.94
GENERAL FUND	1,196,320	1,237,452	880,368	-28.86	788,753	-10.41
BALANCE FORWARD	191,227	447,220				
INTER-AGENCY TRANSFER	1,037,349	754,109				
OTHER FUND	229,304	282,940	249,530	-11.81	251,472	.78
REVERSIONS	-162,083					
<b>DCA - STATE HISTORIC PRESERVATION OFFICE</b>	1,588,482	1,899,436	1,129,090	-40.56	1,120,072	-.80
GENERAL FUND	356,627	367,728	163,456	-55.55	157,641	-3.56
FEDERAL FUND	893,930	1,179,834	668,366	-43.35	663,607	-.71
INTER-AGENCY TRANSFER	329,250	331,874	280,762	-15.40	282,318	.55
OTHER FUND	16,506	20,000	16,506	-17.47	16,506	
REVERSIONS	-7,831					
<b>DCA - COMSTOCK HISTORIC DISTRICT</b>	153,357	176,817	100,789	-43.00	99,295	-1.48
GENERAL FUND	163,845	170,157	100,789	-40.77	99,295	-1.48
INTER-AGENCY TRANSFER		6,660				
REVERSIONS	-10,488					
<b>DCA - NEVADA STATE LIBRARY</b>	6,566,252	7,529,354	4,497,031	-40.27	4,252,806	-5.43
GENERAL FUND	4,530,131	4,610,707	3,206,078	-30.46	2,960,429	-7.66
BALANCE FORWARD	71,926					
FEDERAL FUND	1,735,422	2,413,688	1,286,507	-46.70	1,287,931	.11
INTER-AGENCY TRANSFER	245,388	450,614				
OTHER FUND	126,941	54,345	4,446	-91.82	4,446	
REVERSIONS	-143,556					



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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DCA - ARCHIVES AND RECORDS</b>	900,583	1,209,384	548,383	-54.66	538,632	-1.78
GENERAL FUND	851,903	1,166,137	540,707	-53.63	530,956	-1.80
BALANCE FORWARD	89,146					
FEDERAL FUND	6,833	3,706	6,833	84.38	6,833	
INTER-AGENCY TRANSFER	2,894	38,133				
OTHER FUND	1,820	1,408	843	-40.13	843	
REVERSIONS	-52,013					
<b>DCA - NEVADA STATE LIBRARY - LITERACY</b>	251,827	267,283	31,025	-88.39		
GENERAL FUND	146,606	153,373	31,025	-79.77		
FEDERAL FUND	102,615	99,111				
INTER-AGENCY TRANSFER	2,975	14,799				
REVERSIONS	-369					
<b>DCA - NEVADA STATE LIBRARY-CLAN</b>	324,905	569,073	316,743	-44.34	317,710	.31
BALANCE FORWARD	-40,499	211,284				
FEDERAL FUND	8,700	2,600				
INTER-AGENCY TRANSFER	79,348	93,734	43,704	-53.37	43,704	
OTHER FUND	277,356	261,455	273,039	4.43	274,006	.35
<b>DCA - MICROGRAPHICS AND IMAGING</b>	433,056	655,723	634,480	-3.24	649,999	2.45
BALANCE FORWARD	-6,734	186,555	146,690	-21.37	162,209	10.58
INTER-AGENCY TRANSFER	439,790	469,168	487,790	3.97	487,790	
<b>DCA - NEVADA ARTS COUNCIL</b>	2,351,062	2,856,339	1,506,108	-47.27	1,514,349	.55
GENERAL FUND	1,800,122	1,841,608	741,717	-59.72	749,958	1.11
BALANCE FORWARD	-45,437	188,934				
FEDERAL FUND	576,975	698,900	678,900	-2.86	678,900	
INTER-AGENCY TRANSFER	-4,000	39,145				
OTHER FUND	82,165	87,752	85,491	-2.58	85,491	
REVERSIONS	-58,763					
<b>TOTAL DEPARTMENT OF CULTURAL AFFAIRS</b>	21,229,783	25,119,603	14,508,467	-42.24	13,980,385	-3.64
GENERAL FUND	14,203,920	15,482,555	9,835,615	-36.47	9,284,190	-5.61
BALANCE FORWARD	663,677	1,385,161	146,690	-89.41	162,209	10.58
FEDERAL FUND	3,325,375	4,403,939	2,640,606	-40.04	2,637,271	-.13
INTER-AGENCY TRANSFER	2,543,684	2,539,046	821,684	-67.64	823,283	.19
OTHER FUND	1,189,804	1,308,902	1,063,872	-18.72	1,073,432	.90
REVERSIONS	-696,677					
<b>EDUCATION</b>						
GENERAL FUND	1,876,913,757	1,776,360,001	1,580,981,563	-11.00	1,573,106,879	-.50
BALANCE FORWARD	-980,100	38,844,531	2,588,682	-93.34	1,422,991	-45.03
FEDERAL FUND	312,712,342	312,042,096	318,817,910	2.17	318,927,494	.03
INTER-AGENCY TRANSFER	27,437,006	52,176,368	20,593,501	-60.53	20,483,158	-.54
OTHER FUND	338,741,922	372,856,670	346,500,568	-7.07	364,868,427	5.30
REVERSIONS	-66,406,772					
<b>TOTAL FOR EDUCATION</b>	2,488,418,155	2,552,279,666	2,269,482,224	-11.08	2,278,808,949	.41
Less: INTER-AGENCY TRANSFER	27,437,006	52,176,368	20,593,501	-60.53	20,483,158	-.54
<b>NET EDUCATION</b>	2,460,981,149	2,500,103,298	2,248,888,723	-10.05	2,258,325,791	.42



## **COMMERCE AND INDUSTRY**

Commerce and Industry includes those agencies responsible for licensing or regulating various businesses and financial activities within the state, as well as agencies responsible for the promotion of commerce and industry in Nevada. These agencies include the Department of Business and Industry, Department of Agriculture, Gaming Control Board, Public Utilities Commission, Commission on Economic Development, Commission on Tourism and the Division of Minerals.

The Executive Budget recommends total funding to support the Commerce and Industry function of state government in the amount of \$225.9 million in FY 2009-10, a decrease of 16.9 percent compared to FY 2008-09, and \$224.3 million for FY 2010-11, an additional decrease of 0.7 percent after interagency transfers are deducted. The Executive Budget recommends General Fund support in the amount of \$48.3 million in FY 2009-10, which represents a decrease of 9.3 percent compared to FY 2008-09 and \$48.4 million in FY 2010-11.

## **DEPARTMENT OF AGRICULTURE**

The Department of Agriculture is responsible for encouraging, advancing, and protecting the livestock and agricultural industries of the state. The department attempts to encourage sound resource management through progressive and innovative agricultural practices. The Department of Agriculture is organized into six divisions: Administration, Plant Industry, Animal Industry, Livestock Identification, Measurement Standards, and Resource Protection. The recommended General Fund appropriation for the department is \$4.8 million over the 2009-11 biennium, which represents a 39.1 percent decrease from the General Fund appropriations approved by the 2007 Legislature. The Governor recommends total funding of \$13.3 million in FY 2009-10, a decrease of 22.7 percent when compared to FY 2008-09 funding of \$17.2 million. Funding for FY 2010-11 is recommended to decrease to \$13.0 million, or by 2.1 percent, when compared to FY 2009-10. The Executive Budget eliminates 23 of the department's 100 existing positions.

### **ADMINISTRATION DIVISION**

The Administration Division provides oversight to all programs and activities in the department. The Governor recommends eliminating seven positions within the division, including: a Deputy Director, two Accounting Assistants, two Administrative Assistants, an Administrative Aid, and a Program Officer. The Governor's recommendation will save \$243,399 in General Fund appropriations, \$22,277 in federal funds and \$406,980 in cost allocations contributed from other divisions over the 2009-11 biennium. The Governor also recommends transferring an IT Professional position from the Veterinary Medical Services Division to the Administration Division, which will change the position's funding source from 100 percent federal funds to a combination of cost allocations and General Fund appropriations. The Governor further recommends eliminating \$20,000 each year in support of the Nevada High School Rodeo Association.

## **DIVISION OF PLANT INDUSTRY**

The Division of Plant Industry is responsible for licensing and regulating nursery sales outlets, proclaiming and enforcing interstate and intrastate quarantines against agricultural commodities, and inspecting packing materials that may be infected with disease or parasites. The Governor recommends eliminating three Agricultural Enforcement Officers, five Agriculturists, and a Regional Manager. The eliminated positions result in General Fund savings of \$1.2 million over the 2009-11 biennium. The Executive Budget also recommends transferring the Nursery program (two positions) and the Pest Control Operator program (four positions) from the Plant Industry account to the Agriculture Registration/Enforcement (ARE) account. This recommendation will allow the two programs access to ARE's reserve, which could assist in avoiding layoffs. The Governor further recommends reserve funding of \$585,841 to purchase new and replacement equipment for the new pesticide and fertilizer laboratories, to be located in the new Agriculture Headquarters in Sparks, Nevada.

## **PREDATORY ANIMAL AND RODENT CONTROL**

Predatory Animal and Rodent Control works with the U.S. Department of Agriculture to protect Nevada's natural resources from predatory animals, birds and rodents. The Governor recommends eliminating four Field Assistants and one Biologist, resulting in General Fund savings of \$464,418 over the 2009-11 biennium.

## **GAMING CONTROL BOARD**

Gaming activities are administered through three individual budgets, which include the Gaming Control Board, the Gaming Commission, and the Gaming Control Board Investigation Fund. The regulation of Nevada's gaming industry is conducted through a tiered system comprised of the Nevada Gaming Commission (5 members), the Gaming Control Board (3 members) and the Gaming Policy Committee (11 members). The Gaming Commission has final authority on all gaming matters. The Gaming Control Board functions as the enforcement, investigative and regulatory agency. The Gaming Policy Committee functions as an advisory body, meeting when required to examine and make recommendations on gaming policy. The Gaming Control Board is organized into seven divisions: Audit, Corporate Securities, Enforcement, Tax and License, Investigations, Technology, and Administration.

The Gaming Control Board is supported primarily through General Fund appropriations and transfers from the Gaming Investigative Fund, which pays the investigative costs of those individuals applying for a gaming license through reimbursements from the applicants. For all gaming accounts, net of interagency transfers, The Executive Budget recommends a total budget of \$47.35 million in FY 2009-10 and \$47.31 million in FY 2010-11. Of these amounts, the recommended General Fund appropriation is \$29.41 million in FY 2009-10, a decrease of 11.2 percent as compared to the FY 2008-09 legislatively-approved amount of \$33.10 million. General Fund

appropriations are recommended at \$29.71 million in FY 2010-11, representing an increase of 1.0 percent compared to the first year of the biennium.

Position Reductions – The Governor proposes to eliminate a total of 32 positions, which results in General Fund decreases totaling \$2.25 million in FY 2010 and \$2.23 million in FY 2011. Eight of the 32 eliminated positions are reductions continued from the 2007-09 biennium. The following table summarizes the affected positions:

<b>Position Type</b>	<b>FY 2010 FTE</b>	<b>FY 2011 FTE</b>
Agent, Tax & License	2.0	2.0
Agent, Audit	9.0	9.0
Agent, Enforcement	4.0	4.0
Administrative Assistant I	3.0	3.0
Administrative Assistant II	5.0	5.0
Administrative Assistant III	0	1.0
Senior Program Analyst	2.0	2.0
Supervisor, Tax & License	1.0	1.0
Network Specialist	1.0	1.0
Special Agent	1.0	1.0
Supervisor, Audit	1.0	1.0
Senior Agent, Audit	1.0	1.0
Accounting Assistant III	1.0	1.0
<b>Total</b>	<b>31.0</b>	<b>32.0</b>

Funding Conversion – The Governor proposes to convert the funding source for one Senior Network Specialist and one Senior Program Analyst from General Fund to Investigative Fees. General Fund savings total \$192,806 in FY 2009-10 and \$193,533 in FY 2010-11.

Credential Pay – The recommended budget suspends credential pay for the 2009-11 biennium. During the 2007-09 biennium, General Fund appropriations for credential pay were included in the Pay Bill. The Governor recommends reductions of \$472,500 in FY 2010 (\$349,650 General Fund) and \$487,500 in FY 2011 (\$360,750 General Fund).

Gaming Employee Registration – The Gaming Control Board (GCB) spent \$1.45 million in FY 2007-08 to process approximately 28,000 fingerprints for centralized gaming employee registration. The Governor recommends base adjustments to cover processing for roughly 38,500 applications, at a cost of \$2.05 million in FY 2009-10, and 27,684 applications for \$1.20 million in FY 2010-11. The Board pays \$51.25 for fingerprint cards submitted in hardcopy and \$40.25 for cards submitted electronically.

Relocate Reno Facility – The Governor recommends a General Fund appropriation of \$25,000 in FY 2010-11 to fund costs associated with relocating the GCB Reno staff to a new facility. The GCB indicates that in 2003, the Board was forced to hastily vacate its leased office near Plumb Lane and Virginia Street due to an infestation of mold and bacteria and move to its current office on Sierra Center Parkway. When the lease

expires in January 2011, the Board indicates it plans to move to a new facility to overcome shortcomings in the current lease. The Board also believes that due to the current economic climate, it may be possible to secure more favorable lease rates.

## **PUBLIC UTILITIES COMMISSION**

The Public Utilities Commission (PUC) is comprised of three commissioners whose responsibilities are to balance the interests of customers of public utilities to receive safe and adequate service with reasonable rates, while providing shareholders of public utilities the opportunity to earn a fair return on their investment. The PUC is also responsible for the railroad safety inspection program; natural gas pipeline inspection program; and collection of the Universal Energy Charge (UEC), which is deposited into the Fund for Energy Assistance and Conservation that was approved by the 2001 Legislature. The UEC is based upon each kilowatt-hour of electricity and therm of gas sold at the retail level. The fund is administered in conjunction with the Welfare Division and Housing Division to assist low-income consumers with power bill payments and energy conservation, weatherization, and energy efficiency needs.

The Executive Budget recommends total funding of \$14.29 million in FY 2009-10, an increase of 0.1 percent when compared to FY 2008-09 funding of \$14.26 million. Funding in FY 2010-11 is recommended at \$15.0 million, an increase of 5.0 percent when compared to FY 2009-10. The financing of the agency is primarily derived from a mill assessment on gross utility operating revenues, statutorily capped at 3.5 mills (one mill = 1/10 of one cent). An additional assessment of up to 0.75 mill is assessed and transferred to the Account for the Consumer Advocate. The Governor recommends a mill assessment of 1.95 mills for the PUC and an assessment of 0.50 mill for the Consumer Advocate in both years of the 2009-11 biennium. Based upon the funding recommendations noted in the Governor's budget, the ending reserve of \$4.2 million in FY 2009-10 and \$4.8 million in FY 2010-11 exceeds the agency's optimal reserve level needed to maintain ongoing operations and cash-flow needs in the 2009-11 biennium.

## **DEPARTMENT OF BUSINESS AND INDUSTRY**

The Department of Business and Industry consists of eight divisions, one board, three commissions, and five other agencies. The department is responsible for regulating business enterprises, promoting worker safety, administering the bond programs, educating the public and businesses regarding their legal rights and responsibilities, and promoting the legal operation of businesses in Nevada. The department is funded through a combination of state General Funds, Highway Funds, federal funds, business license revenue and other fees.

The Executive Budget recommends General Fund appropriations for the department of \$3.4 million in FY 2009-10 and \$2.9 million in FY 2010-11, for a total of \$6.3 million over the 2009-11 biennium. This represents a decrease of 66.5 percent when compared to

the \$18.9 million in General Fund appropriations approved by the 2007 Legislature for the 2007-09 biennium. Highway Fund appropriations of \$2.3 million in each year of the 2009-11 biennium represent a decrease of 8.1 percent when compared to the \$5.0 million in Highway Fund appropriations for the 2007-09 biennium. Total funds recommended from all sources to support the department are \$136.7 million in FY 2009-10 and \$134.8 million in FY 2010-11, a total decrease of approximately \$35.9 million, or 11.7 percent, when compared to the total amount of funding approved by the 2007 Legislature for the 2007-09 biennium.

### **DIRECTOR'S OFFICE**

The Director's Office is responsible for providing administrative and budgetary oversight to the various entities that constitute the department. The Governor recommends a reduction in General Fund appropriations from \$87,523 in FY 2008-09 to \$24,853 in FY 2009-10 and \$25,746 in FY 2010-11, resulting from adjustments to employee salaries and fringe benefits. The Governor also recommends increasing fund transfers a total of \$230,000 in the 2009-11 biennium from the Industrial Development Revenue Bond (IDRB) program to the Director's Office, with corresponding reductions in cost allocation receipts (\$224,530) from the department agencies and General Fund appropriations (\$5,470). Historically, the Office of Business, Finance, and Planning within the Director's Office was responsible for the administration of the IDRB program. In FY 2006-07, the department transferred this program to the Housing Division while maintaining general oversight of the program under the department's Director, yet the recommended use of IDRB funds remains in the Director's Office.

### **DIVISION OF INSURANCE**

The Division of Insurance is responsible for regulating the insurance industry in Nevada and for protecting the rights of consumers and the public in dealings with the insurance industry. The division regulates and licenses insurance companies, producer/agents, brokers and other professionals; sets ethical and financial standards for insurance companies; and reviews rates. The division also reviews programs operated by self-insured employers for workers' compensation claims and investigates claims of insurance fraud. The division is currently funded through a combination of General Fund, interagency transfers, assessments and fees. The Executive Budget recommends a new revenue stream to fund the division, which decreases the General Fund appropriation from \$7.9 million approved by the 2007 Legislature for the 2007-09 biennium to \$100 in each year of the 2009-11 biennium. The new revenue stream would consist of an administrative fee of \$60 for insurance producers and \$1,200 for all other insurers. The fee would be paid at the time of initial application and each continuation of certification.

The Executive Budget recommends funding for 14 new positions within the Insurance Regulation account. The positions are recommended to provide assistance with financial analyses and examinations of insurers required to maintain accreditation with the National Association of Insurance Commissioners and to comply with statutory

examination requirements. The Governor recommends funding all 14 positions and their associated costs with revenue from the new administrative fee and cost allocation revenue, totaling \$613,589 in FY 2009-10 and \$818,716 in FY 2010-11.

#### **NEVADA TRANSPORTATION AUTHORITY**

The Nevada Transportation Authority (NTA) has statewide regulatory responsibility for the intra-state transportation of passengers, household goods, tow cars, and taxicabs (except taxicabs in Clark County). The Governor recommends Highway Fund appropriations of \$2.30 million in FY 2009-10 and \$2.31 million in FY 2010-11, a decrease of 9.4 percent and 8.9 percent, respectively, when compared to the FY 2008-09 work program amount of \$2.54 million. The Highway Fund appropriation provides approximately 79 percent of the funding requirements for the NTA, with the remaining funding support derived from licensing and fee revenue and administrative fines.

The Governor recommends eliminating one Compliance Enforcement Investigator II position and associated costs, thereby providing Highway Fund savings of \$68,795 in FY 2009-10 and \$69,281 in FY 2010-11.

#### **MANUFACTURED HOUSING DIVISION**

The Manufactured Housing Division's principal responsibility is to ensure that manufactured homes, mobile homes, travel trailers, commercial coaches and manufactured buildings are constructed and installed in a manner that provides reasonable safety and protection to owners and users. The division is a fee-based, self-funded agency. The Executive Budget recommends consolidating the Manufactured Housing Division with the Housing Division. Two non-General Fund positions within the Manufactured Housing Division will be eliminated – the Administrator and an Accountant Technician. Estimated total savings over the 2009-11 biennium are \$329,528.

#### **CONSUMER AFFAIRS DIVISION**

The Consumer Affairs Division is responsible for investigating deceptive trade practices in the marketplace, educating consumers on deceptive trade practices, and regulating various organizations and services that solicit consumers. The Governor's recommended budget proposes to eliminate the division. The Executive Budget indicates that the responsibilities currently performed by the division will be reassigned to other existing state agencies that perform similar functions. A total of 18 existing positions will be eliminated. The proposed General Fund savings are approximately \$1.0 million in FY 2010 and 1.5 million in FY 2011. In addition, the Consumer Affairs Recovery Fund (non-General Fund), which provides partial restitution for consumers financially aggrieved by registered travel agencies, is also recommended to be eliminated. There are no positions in the Recovery Fund, and operating expenses in FY 2007-08 were negligible.



## **REAL ESTATE DIVISION**

The Real Estate Division is responsible for regulating real estate brokers and salesmen, property managers, appraisers, qualified intermediaries, and building inspectors. The division also administers continuing education programs for real estate licensees in Nevada and is responsible for the enforcement of the statutory and regulatory provisions regarding the sale of subdivided lands, timeshares, and campground memberships. The division is funded through a combination of fees, interagency transfers and General Funds. The Governor recommends General Fund appropriations for the Real Estate Division of \$1.0 million in FY 2009-10 and \$989,250 in FY 2010-11, a decrease of 32.7 percent and 33.6 percent, respectively, when compared to the FY 2008-09 work program amount of \$1.49 million.

The Executive Budget recommends eliminating four positions and associated costs – three Administrative Assistants and one Program Officer – which provides General Fund savings of \$162,763 in FY 2009-10 and \$164,404 in FY 2010-11. The Governor recommends General Funds of \$6,147 in each year of the 2009-11 biennium for an online credit card program recommended through a recent audit by the Department of Administration's Division of Internal Audit.

The Real Estate Division also includes the Office of the Ombudsman for Common-Interest Communities. The Ombudsman provides assistance to homeowner associations and their members/owners. The agency is self-funded, primarily through fees imposed on common-interest communities of \$3 per unit, per year. The Executive Budget recommends fee revenue and reserve reductions totaling \$49,888 in FY 2009-10 and \$62,871 in FY 2010-11 for a new Auditor position to research and audit association financial records and to locate associations that fail to respond to agency requests.

During the past few legislative sessions, the money committees have expressed concern over the excessive cash reserve levels maintained by Common-Interest Communities. The agency's cash reserve has averaged approximately \$2 million over the past six fiscal years. The Executive Budget recommends a reserve balance of \$2.2 million at the end of FY 2009-10 and \$2.1 million at the end of FY 2010-11.

## **FINANCIAL INSTITUTIONS DIVISION**

The Financial Institutions Division is responsible for the licensure and regulation of all state-chartered financial institutions, including banks, savings and loans, credit unions and check cashing companies. The division is self-funded through existing licensing fees and industry assessments. The Executive Budget recommends the continuation of ten new Financial Examiner positions that were approved by the Interim Finance Committee on November 20, 2008. A combination of statutory mandates and heightened federal examination requirements caused a 47 percent increase in the total number of required annual financial examinations from 538 in FY 2006-07 to 791 in FY 2008-09.

### **MORTGAGE LENDING DIVISION**

The Mortgage Lending Division (MLD) is responsible for the licensure and regulation of mortgage brokers, mortgage bankers, escrow companies, and individuals as mortgage agents and escrow agents. The division is a self-funded agency through licensing fees and industry assessments. The division was created through the passage of A.B. 490 of the 2003 Legislative Session. Prior to that, the Financial Institutions Division (FID) was responsible for regulating the mortgage industry. The Governor recommends transferring the responsibilities of MLD back to FID, thereby eliminating the MLD Administrator position and an Accounting Assistant III position (non-General Fund savings of \$266,857 over the 2009-11 biennium). The Governor recommends maintaining the two functions separately under the oversight of the FID Administrator.

The Governor also recommends eliminating 14 of the 17 new positions approved by the 2007 Legislature, for a total savings of \$1.1 million over the 2009-11 biennium. According to The Executive Budget, the 14 positions are no longer needed, since the number of mortgage companies requiring an annual examination has decreased by 52.6 percent since the industry's peak in FY 2005-06.

### **NEVADA ATTORNEY FOR INJURED WORKERS**

The Nevada Attorney for Injured Workers (NAIW) was created in 1977 to represent injured workers with their claims for workers' compensation benefits before a state appeals officer, the state district court or the state Supreme Court. The agency provides this representation without charge to the injured worker. The agency is funded through a transfer from the Workers' Compensation and Safety Fund. The NAIW budget totals approximately \$6.6 million over the 2009-11 biennium, which represents a 6.1 percent decrease from the \$7.0 million approved for the 2007-09 biennium.

### **ATHLETIC COMMISSION**

The Athletic Commission, established in 1941, supervises and regulates all contests and exhibitions of unarmed combat, including boxing, professional wrestling, mixed martial arts, kickboxing and elimination boxing. Additionally, the Commission licenses and regulates persons who conduct, hold, or give contests or exhibitions for unarmed combat where an admission fee is received. All revenue collected is deposited to the state General Fund, with the exception of the sporting events ticket surcharge revenue, which is used to award grants to organizations that promote amateur boxing contests or exhibitions in Nevada.

The Governor recommends the restoration of funding, reduced in the current biennium, for the Athletic Commission to contract with a consulting research physician and to conduct random drug testing of combatants. For the 2009-11 biennium, the Governor recommends reinstating General Fund support of \$25,000 each fiscal year for the physician contract and \$16,492 each fiscal year for drug testing to restore funding to

FY 2009 legislatively-approved levels of \$75,000 per fiscal year for the physician contract and \$18,000 per fiscal year for drug testing. In addition, the Governor recommends a one-time transfer of \$155,865 to the General Fund from the Amateur Boxing Program reserve in FY 2011.

### **LABOR COMMISSIONER**

The Office of the Labor Commissioner was formed in 1915 and is responsible for the enforcement of all labor laws in the state that are not specifically and exclusively vested in any other officer, board or commission. For the 2009-11 biennium, the Governor recommends the elimination of three positions, for an estimated General Fund savings totaling \$244,355 over the biennium. Directly related to the Governor's recommendation to eliminate these positions is the proposed elimination of two program areas for which the Labor Commissioner currently provides oversight – employment agencies and apprenticeship programs.

### **EMPLOYEE-MANAGEMENT RELATIONS BOARD**

The Employee-Management Relations Board is responsible for resolving complaints arising out of the interpretation of, or performance under, the provisions of the Local Government Employee-Management Relations Act of 1969 (NRS 288) by a local government employer, employee, or employee organization. The Governor recommends changing the funding source for the Employee-Management Relations Board from General Fund to fee-based by assessing fees to local jurisdictions in the 2009-11 biennium. The General Fund savings will be \$212,005 in FY 2010 and \$212,441 in FY 2011.

### **TAXICAB AUTHORITY**

The Taxicab Authority regulates taxicab service in counties with populations exceeding 400,000 (currently only in Clark County). The agency is funded through fees, primarily through a \$.20 trip charge assessed on every taxicab ride.

The Governor recommends decreasing transfers to the Division for Aging Services in support of the Senior Ride program by \$22,436 over the 2009-11 biennium and placing that amount into reserves. The program currently allows eligible individuals over the age of 60, and people with permanent disabilities, the opportunity to purchase \$20 taxicab coupon books for \$10 each. The Governor also recommends reserve reductions of \$7,816 in each year of the biennium for additional raincoats, shorts, boots, and insignia patches for agency personnel.

### **ECONOMIC DEVELOPMENT AND TOURISM**

The 1983 Legislature expanded economic development efforts in Nevada by creating the Commissions on Tourism and Economic Development. The Commission on

Economic Development includes the Nevada Film Office, the Rural Community Development program, and the Procurement Outreach program. The Commission on Tourism includes the *Nevada Magazine* and Tourism Development.

### **COMMISSION ON ECONOMIC DEVELOPMENT**

The Commission on Economic Development's primary role is to foster a healthy climate for business development and entrepreneurship. To this end, the Commission promotes Nevada's business opportunities, assists companies interested in relocating and expanding their operations in Nevada, and works to bring high-wage jobs to the state by attracting companies and subsidiaries and other types of investment.

The Governor recommends General Fund support for the Commission be substantially decreased from \$12.2 million to \$9 million, a reduction of approximately \$3.2 million over the 2009-11 biennium when compared to the amount of General Fund support legislatively approved for the 2007-09 biennium. The reasons for the decrease are fourfold: the Governor's recommendation to merge the Commission on Economic Development and the Commission on Tourism; a reduction in funding transferred to the urban, rural and inner-city development authorities; a reduction in funding for the Train Employees Now (TEN) program; and a reduction in funding for marketing and advertising.

The Governor recommends eliminating 14.5 existing positions, 10 positions in the Commission on Tourism and 4.5 positions in the Commission on Economic Development, as a result of merging these two agencies. The positions recommended for elimination in the Commission on Economic Development include a Deputy Director, 2 Grants Project Analysts, and 1.5 Administrative Assistants. However, the Governor suggests if the merger is ultimately approved, the Deputy Director position should be restored.

The Governor recommends General Fund support provided the urban, rural, and inner-city development authorities be reduced from an annual allocation of \$3,495,000 as legislatively approved for the 2007-09 biennium, to \$2,842,000, a reduction of \$653,000 in each fiscal year of the 2009-11 biennium. The table below compares the Governor's funding recommendations for the 2009-11 biennium to the amounts approved by the 2007 Legislature for the 2007-09 biennium.

<b>Development Authorities</b>	<b>Leg Approved FY 2008 and FY 2009</b>	<b>Gov Rec FY 2010 and FY 2011</b>	<b>Difference</b>
Rural Development Authorities	\$995,000	\$695,000	<b>(\$300,000)</b>
EDAWN	\$875,000	\$751,450	<b>(\$123,550)</b>
NDA	\$1,375,000	\$1,180,850	<b>(\$194,150)</b>
Inner-City Authority	\$250,000	\$214,700	<b>(\$35,300)</b>
<b>Total</b>	<b>\$3,495,000</b>	<b>\$2,842,000</b>	<b>(\$653,000)</b>

The Governor recommends reducing General Fund support for the TEN program from an annual allocation of \$500,000 to \$300,000, a reduction of \$400,000 over the 2009-11 biennium. The TEN program is designed to provide workforce opportunities and

increase the skills of Nevada workers. The TEN program is an intensive short-term job-training program in which monies are granted to and administered by the university and community college system for each approved project. Funds are only available for transferable skills training and the training, provided must be completed within 180 days of approval by the Commission. The companies participating in the TEN program must provide at least 25 percent of the eligible costs.

Finally, the Governor recommends reducing the Commission's marketing and advertising budget from \$514,795, as legislatively approved in each fiscal year of the 2007-09 biennium to \$243,082 in FY 2010 and \$222,006 in FY 2011, a reduction of \$564,502. The Commission uses funds for marketing and advertising for promotional activities designed to position Nevada as a pro-business state aimed at attracting well-financed small and medium-sized companies that pay above-average wages. The marketing and advertising program uses a number of mediums, including print, Internet, direct mail and trade shows.

### **NEVADA FILM OFFICE**

The Nevada Film Office's mission is to proactively promote, pursue and facilitate the production of motion picture production and all other forms of media projects utilizing Nevada locations, vendors, services, crew, personnel and performance talent. The Nevada Film Office seeks to solidify and enhance Nevada's credibility and raise the state's visibility nationwide and around the world as a prime resource for film, television, music and other production industries; to attract and serve film, television, and all other media productions for the purpose of generating revenue; to create and sustain jobs in Nevada related to production; and to increase the visibility of Nevada as a great place to live, work and recreate.

Historically, the Nevada Film Office has been funded primarily from a transfer of room tax revenue from the Commission on Tourism and fees charged for producing and advertising in the Production Directory created by the office. Due to changes recommended by the Governor in the way the Commission on Tourism budget is funded, the transfer to support the Nevada Film Office is no longer a transfer of room tax revenue, but a transfer of General Funds in the amount of approximately \$720,000 in FY 2010 and \$724,000 in FY 2011. The funding recommended by the Governor supports a staff of six positions for the 2009-11 biennium, a reduction of one Associate Film position eliminated as a budget savings measure.

### **RURAL COMMUNITY DEVELOPMENT**

The Rural Community Development program administers the state's Community Development Block Grant (CDBG) program on behalf of 26 small cities and rural counties in Nevada. The goal of the CDBG program is to develop viable rural communities by assisting to provide suitable living environments, expanded economic opportunities and adequate housing, primarily for low to moderate income persons. This budget is mainly funded by the federal block grant received from the U.S.

Department of Housing and Urban Development and supplemented by state General Funds. The General Fund support is used primarily for administrative costs and the required match.

The total funding for the Rural Community Development program is recommended at \$3.2 million in each fiscal year of the 2009-11 biennium, a majority of which consists of the federal CDBG grant, estimated at \$2.7 million annually. The amount of General Fund support recommended is approximately \$507,000 over the 2009-11 biennium, which is slightly lower than the amounts legislatively approved for the 2007-09 biennium. The funding recommended by the Governor supports five existing positions.

### **PROCUREMENT OUTREACH PROGRAM**

The Procurement Outreach program assists Nevada businesses in obtaining federal government contracts by alerting them to procurement opportunities and providing training and technical assistance to be competitive in federal procurement processes.

The Procurement Outreach program is funded primarily with federal funds from the U.S. Department of Defense and General Funds. The Governor recommends total funding for the Procurement Outreach program in the amount of approximately \$520,000 in each fiscal year of the 2009-11 biennium, which is similar to the amount expended in FY 2008. The Governor recommends General Fund support in the amount of \$89,000 in FY 2010 and \$92,000 in FY 2011, a decrease of approximately \$49,000, or 21 percent, when compared to the amount of General Fund support legislatively approved for the 2007-09 biennium. The funding recommended by the Governor supports six existing positions.

### **NEVADA MAGAZINE**

Nevada Magazine is the publications division of the Nevada Commission on Tourism and is responsible for preparing and producing publications that educate the general public about Nevada and foster an awareness and appreciation of the state's recreational activities, history, heritage, special events, culture, natural resources, and natural wonders. Published since 1936, the *Nevada Magazine* complements and enhances the Nevada Commission on Tourism's goal of attracting visitors. Nevada Magazine is an enterprise fund that receives no state General Fund monies and is financed through subscriptions, advertising revenue, newsstand sales, and calendar sales.

The Executive Budget recommends expenditures of \$1,370,271 (excluding reserves) in FY 2009-10, which is a 31.0 percent decrease from the actual amount expended in FY 2007-08. For FY 2010-11, \$1,390,924 (excluding reserves) is recommended, which is a 1.5 percent increase over the amount recommended for FY 2009-10. Due to the decision to fund the Commission on Tourism with General Fund revenues, the transfers of room tax revenues from the Commission to Nevada Magazine have been eliminated.

Additionally, the amounts budgeted for publications purchased by the Commission have been reduced from \$459,031 in FY 2007-08 to \$68,247 in each year of the 2009-11 biennium. As a result of these reductions in revenue, The Executive Budget recommends the elimination of 2.78 of the agency's 11.43 positions and the transfer of two additional positions (an Art Director and a Project Analyst) to the Commission on Tourism budget.

### **COMMISSION ON TOURISM**

The Commission on Tourism is responsible for developing and implementing a domestic and international marketing and advertising campaign to promote Nevada as a tourism and business travel destination. The Commission is funded currently by a 3/8 share of the one percent statewide room tax established by the 1983 Legislature. Actual room tax collections in FY 2007-08 were \$19.1 million, and the agency projects room tax collections for FY 2008-09 at \$17.8 million; this represents a 6.7 percent decrease from actual collections in FY 2007-08. The Executive Budget recommends room tax receipts of \$17.7 million in FY 2009-10 and \$18.7 million in FY 2010-11, a 0.6 percent decrease in FY 2009-10 from the projected amount for FY 2008-09, and an increase of 5.6 percent in FY 2010-11 over the recommended amount for FY 2009-10.

The Executive Budget recommends replacing room tax revenues that currently fund the Commission's operating budget with General Fund appropriations and depositing the room tax revenues to the General Fund. In addition, the Governor recommends combining the Commission on Economic Development and the Commission on Tourism, although the budget accounts for the two agencies would not be combined. As a result of these recommendations, 10 of the Commission on Tourism's 28 positions are eliminated. The eliminated positions include the Director of the Commission. Expenditures for the Commission on Tourism are reduced from \$21.4 million in FY 2007-08 to approximately \$8.2 million in FY 2010 and \$8.7 million in FY 2011.





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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>COMMERCE &amp; INDUSTRY</b>						
<b>DEPARTMENT OF AGRICULTURE</b>						
<b>AGRI - ADMINISTRATION</b>	1,741,633	1,800,223	1,272,327	-29.32	1,222,621	-3.91
GENERAL FUND	682,534	686,224	566,010	-17.52	532,103	-5.99
BALANCE FORWARD	107,175					
FEDERAL FUND	20,985	35,989	2,551	-92.91	6,054	137.32
INTER-AGENCY TRANSFER	1,033,092	1,044,885	703,766	-32.65	684,464	-2.74
OTHER FUND	227	1,575				
REVERSIONS	-102,380	31,550				
<b>AGRI - GAS POLLUTION STANDARDS</b>	367,432	792,634	682,750	-13.86	702,657	2.92
BALANCE FORWARD	-45,765	262,945	268,231	2.01	272,107	1.45
INTER-AGENCY TRANSFER	413,197	529,689	414,519	-21.74	430,550	3.87
<b>AGRI - PLANT INDUSTRY</b>	2,407,429	2,440,956	906,949	-62.84	832,787	-8.18
GENERAL FUND	1,510,960	1,594,850	649,859	-59.25	641,502	-1.29
BALANCE FORWARD	269,647	47,398				
INTER-AGENCY TRANSFER	192,037	207,307	184,140	-11.18	118,335	-35.74
OTHER FUND	530,110	591,401	72,950	-87.66	72,950	
REVERSIONS	-95,325					
<b>AGRI - GRADE &amp; CERTIFICATION OF AG PRODUCTS</b>	90,744	167,679	164,647	-1.81	175,113	6.36
BALANCE FORWARD	-6,764	54,989	62,127	12.98	72,593	16.85
FEDERAL FUND	4,656	15,310	4,496	-70.63	4,496	
INTER-AGENCY TRANSFER	3,600		5,200		5,200	
OTHER FUND	89,252	97,380	92,824	-4.68	92,824	
<b>AGRI - AGRICULTURE REGISTRATION/ENFORCEMENT</b>	1,431,335	3,151,667	3,675,306	16.61	3,485,522	-5.16
BALANCE FORWARD	-219,055	1,290,104	1,581,203	22.56	1,391,419	-12.00
FEDERAL FUND	329,773	767,281	382,906	-50.10	382,906	
INTER-AGENCY TRANSFER	61,119					
OTHER FUND	1,259,498	1,094,282	1,711,197	56.38	1,711,197	
<b>AGRI - LIVESTOCK INSPECTION</b>	1,059,974	1,768,944	1,573,882	-11.03	1,364,142	-13.33
BALANCE FORWARD	-416,595	705,734	595,413	-15.63	417,842	-29.82
FEDERAL FUND		11,552				
OTHER FUND	1,476,569	1,051,658	978,469	-6.96	946,300	-3.29
<b>AGRI - VETERINARY MEDICAL SERVICES</b>	1,466,884	1,677,324	1,108,890	-33.89	1,084,254	-2.22
GENERAL FUND	878,707	899,855	738,719	-17.91	714,083	-3.33
BALANCE FORWARD	25,000	26,973				
FEDERAL FUND	382,724	472,083	155,042	-67.16	155,042	
INTER-AGENCY TRANSFER	221,642	263,538	210,379	-20.17	210,379	
INTERIM FINANCE	15,934					
OTHER FUND	13,750	14,875	4,750	-68.07	4,750	
REVERSIONS	-70,873					
<b>AGRI - WEIGHTS &amp; MEASURES</b>	1,686,750	2,085,681	1,969,784	-5.56	2,116,045	7.43
BALANCE FORWARD	-200,732	200,732	217,144	8.18	350,552	61.44
INTER-AGENCY TRANSFER	371,925	379,167	332,362	-12.34	345,215	3.87
OTHER FUND	1,515,557	1,505,782	1,420,278	-5.68	1,420,278	

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2009-11 Fiscal Report**

	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>AGRI - PEST, PLANT DISEASE NOXIOUS WEED CONTROL</b>	535,359	858,738	625,059	-27.21	650,341	4.04
BALANCE FORWARD	-30,348	43,480	39,862	-8.32	65,144	63.42
FEDERAL FUND	490,915	590,487	542,695	-8.09	542,695	
OTHER FUND	74,792	224,771	42,502	-81.09	42,502	
<b>AGRI - MORMON CRICKET &amp; GRASSHOPPERS</b>	290,848	1,180,431	463,361	-60.75	545,808	17.79
BALANCE FORWARD	114,332	153,191	186,876	21.99	269,323	44.12
FEDERAL FUND	176,516	1,027,240	276,485	-73.08	276,485	
<b>AGRI - PREDATORY ANIMAL &amp; RODENT CONTROL</b>	1,115,444	1,280,761	855,945	-33.17	839,130	-1.96
GENERAL FUND	797,975	824,681	481,736	-41.59	464,921	-3.49
INTER-AGENCY TRANSFER	360,260	444,735	360,260	-18.99	360,260	
OTHER FUND	13,949	11,345	13,949	22.95	13,949	
REVERSIONS	-56,740					
<b>AGRI - NEVADA JUNIOR LIVESTOCK SHOW BOARD</b>	33,769	36,187	25,686	-29.02	25,673	-.05
GENERAL FUND	35,823	35,831	25,686	-28.31	25,673	-.05
INTER-AGENCY TRANSFER		356				
REVERSIONS	-2,054					
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>	12,227,601	17,241,225	13,324,586	-22.72	13,044,093	-2.11
GENERAL FUND	3,905,999	4,041,441	2,462,010	-39.08	2,378,282	-3.40
BALANCE FORWARD	-403,105	2,785,546	2,950,856	5.93	2,838,980	-3.79
FEDERAL FUND	1,405,569	2,919,942	1,364,175	-53.28	1,367,678	.26
INTER-AGENCY TRANSFER	2,656,872	2,869,677	2,210,626	-22.97	2,154,403	-2.54
INTERIM FINANCE	15,934					
OTHER FUND	4,973,704	4,593,069	4,336,919	-5.58	4,304,750	-.74
REVERSIONS	-327,372	31,550				
<b>MINERALS</b>						
<b>MINERALS</b>	2,007,130	3,060,734	2,691,345	-12.07	2,329,885	-13.43
BALANCE FORWARD	-1,648	1,494,408	874,629	-41.47	681,712	-22.06
FEDERAL FUND	50,000	60,000	60,000		60,000	
INTER-AGENCY TRANSFER	45,587	36,287	36,287		36,287	
OTHER FUND	1,913,191	1,470,039	1,720,429	17.03	1,551,886	-9.80
<b>TOTAL MINERALS</b>	2,007,130	3,060,734	2,691,345	-12.07	2,329,885	-13.43
BALANCE FORWARD	-1,648	1,494,408	874,629	-41.47	681,712	-22.06
FEDERAL FUND	50,000	60,000	60,000		60,000	
INTER-AGENCY TRANSFER	45,587	36,287	36,287		36,287	
OTHER FUND	1,913,191	1,470,039	1,720,429	17.03	1,551,886	-9.80
<b>GAMING CONTROL BOARD</b>						
<b>GAMING CONTROL BOARD</b>	42,425,496	49,715,672	42,397,691	-14.72	41,886,836	-1.20
GENERAL FUND	31,882,484	32,688,560	28,996,560	-11.29	29,290,962	1.02
BALANCE FORWARD	279,898	664,006				
INTER-AGENCY TRANSFER	11,142,773	13,683,010	10,517,523	-23.13	10,534,452	.16
OTHER FUND	2,194,046	2,680,096	2,883,608	7.59	2,061,422	-28.51
REVERSIONS	-3,073,705					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>GAMING COMMISSION</b>	387,297	426,500	414,381	-2.84	422,270	1.90
GENERAL FUND	411,291	415,635	414,381	-.30	422,270	1.90
INTER-AGENCY TRANSFER		10,865				
REVERSIONS	-23,994					
<b>GAMING CONTROL BOARD INVESTIGATION FUND</b>	13,411,663	14,338,134	15,061,404	5.04	15,541,031	3.18
BALANCE FORWARD		2,000	2,000		2,000	
INTER-AGENCY TRANSFER	4,103	10,084	10,084		10,084	
OTHER FUND	14,657,292	14,326,050	15,049,320	5.05	15,528,947	3.19
REVERSIONS	-1,249,732					
<b>TOTAL GAMING CONTROL BOARD</b>	56,224,456	64,480,306	57,873,476	-10.25	57,850,137	-.04
GENERAL FUND	32,293,775	33,104,195	29,410,941	-11.16	29,713,232	1.03
BALANCE FORWARD	279,898	666,006	2,000	-99.70	2,000	
INTER-AGENCY TRANSFER	11,146,876	13,703,959	10,527,607	-23.18	10,544,536	.16
OTHER FUND	16,851,338	17,006,146	17,932,928	5.45	17,590,369	-1.91
REVERSIONS	-4,347,431					
<b>PUBLIC UTILITIES COMMISSION</b>						
<b>PUBLIC UTILITIES COMMISSION</b>	9,784,821	14,262,681	14,289,841	.19	14,998,219	4.96
BALANCE FORWARD	-209,866	3,682,374	3,600,970	-2.21	4,152,577	15.32
FEDERAL FUND	377,359	441,642	432,512	-2.07	434,788	.53
OTHER FUND	9,617,328	10,138,665	10,256,359	1.16	10,410,854	1.51
<b>TOTAL PUBLIC UTILITIES COMMISSION</b>	9,784,821	14,262,681	14,289,841	.19	14,998,219	4.96
BALANCE FORWARD	-209,866	3,682,374	3,600,970	-2.21	4,152,577	15.32
FEDERAL FUND	377,359	441,642	432,512	-2.07	434,788	.53
OTHER FUND	9,617,328	10,138,665	10,256,359	1.16	10,410,854	1.51
<b>DEPT OF BUSINESS &amp; INDUSTRY</b>						
<b>B&amp;I - BUSINESS AND INDUSTRY ADMINISTRATION</b>	1,165,989	1,326,008	1,177,063	-11.23	1,180,306	.28
GENERAL FUND	79,382	87,523	24,853	-71.60	25,746	3.59
INTER-AGENCY TRANSFER	1,168,495	1,238,485	1,152,210	-6.97	1,154,560	.20
REVERSIONS	-81,888					
<b>B&amp;I - INSURANCE REGULATION</b>	6,461,410	7,777,836	8,738,467	12.35	8,508,738	-2.63
GENERAL FUND	3,856,640	3,995,820	100	-100.00	100	
BALANCE FORWARD	-87,750	107,750	107,750		1,257,926	1,067.45
INTER-AGENCY TRANSFER	1,446,484	2,070,485	1,398,378	-32.46	1,340,968	-4.11
OTHER FUND	1,642,872	1,603,781	7,232,239	350.95	5,909,744	-18.29
REVERSIONS	-396,836					
<b>B&amp;I - INSURANCE EXAMINERS</b>	5,320,617	11,346,084	8,321,744	-26.66	10,696,382	28.54
BALANCE FORWARD	-85,814	331,084	2,521,515	661.59	2,943,736	16.74
OTHER FUND	5,406,431	11,015,000	5,800,229	-47.34	7,752,646	33.66
<b>B&amp;I - CAPTIVE INSURERS</b>	1,047,561	1,194,670	1,586,467	32.80	1,651,069	4.07
BALANCE FORWARD	763	117,800	440,598	274.02	500,000	13.48
INTER-AGENCY TRANSFER	178,346	263,245	187,500	-28.77	187,500	
OTHER FUND	868,452	813,625	958,369	17.79	963,569	.54

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>B&amp;I - INSURANCE RECOVERY</b>	612,005	664,726	652,005	-1.91	652,005	.00
BALANCE FORWARD		40,000	40,000		40,000	
OTHER FUND	612,005	624,726	612,005	-2.04	612,005	
<b>B&amp;I - INSURANCE EDUCATION &amp; RESEARCH</b>	700,662	1,643,267	1,568,644	-4.54	1,569,560	.06
BALANCE FORWARD	38,496	968,541	906,639	-6.39	907,555	.10
INTER-AGENCY TRANSFER	662,166	674,726	662,005	-1.89	662,005	
<b>B&amp;I - NAT. ASSOC. OF INSURANCE COMMISSIONERS</b>	35,919	61,636	57,485	-6.73	55,663	-3.17
BALANCE FORWARD	3,073	27,771	24,639	-11.28	22,817	-7.39
OTHER FUND	32,846	33,865	32,846	-3.01	32,846	
<b>B&amp;I - INSURANCE COST STABILIZATION</b>	164,859	412,450	396,440	-3.88	387,992	-2.13
BALANCE FORWARD	-26,563	224,890	232,530	3.40	224,082	-3.63
OTHER FUND	191,422	187,560	163,910	-12.61	163,910	
<b>B&amp;I - SELF INSURED - WORKERS COMPENSATION</b>	553,629	629,448	562,930	-10.57	557,306	-1.00
OTHER FUND	608,877	629,448	562,930	-10.57	557,306	-1.00
REVERSIONS	-55,248					
<b>B&amp;I - TRANSPORTATION AUTHORITY</b>	2,601,316	2,897,253	2,548,833	-12.03	2,561,639	.50
HIGHWAY FUND	2,482,036	2,540,949	2,300,957	-9.44	2,313,763	.56
INTER-AGENCY TRANSFER		113,074				
OTHER FUND	252,605	243,230	247,876	1.91	247,876	
REVERSIONS	-133,325					
<b>B&amp;I - TRANSPORTATION AUTHORITY ADMIN FINES</b>	168,845	384,233	385,947	.45	377,317	-2.24
BALANCE FORWARD	9,474	237,029	226,576	-4.41	217,946	-3.81
OTHER FUND	159,371	147,204	159,371	8.27	159,371	
<b>B&amp;I - MANUFACTURED HOUSING</b>	1,445,593	3,006,760	2,647,373	-11.95	2,493,417	-5.82
BALANCE FORWARD	266,090	1,479,413	1,479,087	-.02	1,325,131	-10.41
FEDERAL FUND	17,037	25,470	8,622	-66.15	8,622	
INTER-AGENCY TRANSFER		61,635	4,167	-93.24	4,167	
OTHER FUND	1,162,466	1,440,242	1,155,497	-19.77	1,155,497	
<b>B&amp;I - MOBILE HOME LOT RENT SUBSIDY</b>	367,265	475,969	442,661	-7.00	427,567	-3.41
BALANCE FORWARD	-26,490	111,901	92,665	-17.19	80,184	-13.47
INTER-AGENCY TRANSFER	33,530	12,030	8,277	-31.20	8,277	
OTHER FUND	360,225	352,038	341,719	-2.93	339,106	-7.76
<b>B&amp;I - MOBILE HOME PARKS</b>	210,682	336,345	315,800	-6.11	314,702	-.35
BALANCE FORWARD	57,581	157,579	144,013	-8.61	144,190	.12
INTER-AGENCY TRANSFER	5,845	41,343	26,698	-35.42	26,698	
OTHER FUND	147,256	137,423	145,089	5.58	143,814	-.88
<b>B&amp;I - MFG HOUSING EDUCATION/RECOVERY</b>	87,776	750,527	165,803	-77.91	152,535	-8.00
BALANCE FORWARD	-39,854	628,036	44,374	-92.93	31,106	-29.90
INTER-AGENCY TRANSFER	25,387	21,041	19,186	-8.82	19,186	
OTHER FUND	102,243	101,450	102,243	.78	102,243	

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>B&amp;I - CONSUMER AFFAIRS</b>	1,397,310	1,585,889	527,944	-66.71		
GENERAL FUND	1,453,547	1,497,871	527,944	-64.75		
BALANCE FORWARD	13	-13				
INTER-AGENCY TRANSFER		66,417				
OTHER FUND	32,192	21,614				
REVERSIONS	-88,442					
<b>B&amp;I - CONSUMER AFFAIRS RECOVERY FUND</b>	7,056	304,949	34,088	-88.82	34,088	.00
BALANCE FORWARD	-64,472	244,693	34,088	-86.07	34,088	
OTHER FUND	71,528	60,256				
<b>B&amp;I - REAL ESTATE ADMINISTRATION</b>	3,232,123	4,190,438	3,206,134	-23.49	3,247,666	1.30
GENERAL FUND	1,446,869	1,488,941	1,001,509	-32.74	989,250	-1.22
INTER-AGENCY TRANSFER	380,422	524,780	326,317	-37.82	323,763	-.78
OTHER FUND	1,854,820	2,176,717	1,878,308	-13.71	1,934,653	3.00
REVERSIONS	-449,988					
<b>B&amp;I - REAL ESTATE EDUCATION AND RESEARCH</b>	688,203	2,554,684	2,395,316	-6.24	2,462,650	2.81
BALANCE FORWARD	-111,090	1,525,391	1,874,399	22.88	1,789,599	-4.52
INTER-AGENCY TRANSFER	744,920	1,001,360	493,633	-50.70	631,760	27.98
OTHER FUND	54,373	27,933	27,284	-2.32	41,291	51.34
<b>B&amp;I - REAL ESTATE RECOVERY ACCOUNT</b>	744,920	1,212,513	823,633	-32.07	961,760	16.77
BALANCE FORWARD	118,848	181,153	181,153		300,000	65.61
OTHER FUND	626,072	1,031,360	642,480	-37.71	661,760	3.00
<b>B&amp;I - COMMON INTEREST COMMUNITIES</b>	1,544,968	4,345,847	4,097,425	-5.72	3,994,876	-2.50
BALANCE FORWARD	-219,686	2,777,507	2,377,834	-14.39	2,213,176	-6.92
OTHER FUND	1,764,654	1,568,340	1,719,591	9.64	1,781,700	3.61
<b>B&amp;I - FINANCIAL INSTITUTIONS</b>	2,201,699	6,598,565	6,491,743	-1.62	6,826,625	5.16
GENERAL FUND	100	100				
BALANCE FORWARD	-1,426,316	3,102,499	3,283,906	5.85	3,427,303	4.37
OTHER FUND	3,628,015	3,495,966	3,207,837	-8.24	3,399,322	5.97
REVERSIONS	-100					
<b>B&amp;I - FINANCIAL INSTITUTIONS INVESTIGATIONS</b>	46,494	792,165	832,579	5.10	853,738	2.54
BALANCE FORWARD	-56,198	685,015	777,329	13.48	798,363	2.71
OTHER FUND	102,692	107,150	55,250	-48.44	55,375	.23
<b>B&amp;I - FINANCIAL INSTITUTIONS AUDIT</b>	12,361	387,374	512,773	32.37	644,203	25.63
BALANCE FORWARD	-162,509	257,474	289,873	12.58	421,303	45.34
OTHER FUND	174,870	129,900	222,900	71.59	222,900	
<b>B&amp;I - INDUSTRIAL DEVELOPMENT BONDS</b>	149,344	1,515,007	853,091	-43.69	869,336	1.90
BALANCE FORWARD	-76,830	1,316,038	576,482	-56.20	587,183	1.86
OTHER FUND	226,174	198,969	276,609	39.02	282,153	2.00

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>B&amp;I - HOUSING DIVISION</b>	6,203,962	10,601,445	9,076,290	-14.39	10,042,578	10.65
BALANCE FORWARD	-416,115	563,272	420,490	-25.35	1,384,468	229.25
FEDERAL FUND	1,716,082	3,309,252	3,003,054	-9.25	3,003,054	
INTER-AGENCY TRANSFER	6,635	87,376	64,362	-26.34	66,642	3.54
OTHER FUND	4,897,360	6,641,545	5,588,384	-15.86	5,588,414	.00
<b>B&amp;I - LOW INCOME HOUSING TRUST FUND</b>	11,132,591	38,666,182	33,093,676	-14.41	28,280,781	-14.54
BALANCE FORWARD	2,809,586	26,730,618	26,715,584	-.06	22,007,700	-17.62
FEDERAL FUND	367,032	418,746	287,756	-31.28	287,756	
OTHER FUND	7,955,973	11,516,818	6,090,336	-47.12	5,985,325	-1.72
<b>B&amp;I - WEATHERIZATION</b>	4,525,843	6,015,830	4,971,572	-17.36	4,948,044	-.47
BALANCE FORWARD	408,684	1,120,179	737,370	-34.17	665,775	-9.71
FEDERAL FUND	804,834	946,130	831,718	-12.09	831,718	
INTER-AGENCY TRANSFER	194,332	682,126	194,332	-71.51	194,332	
OTHER FUND	3,117,993	3,267,395	3,208,152	-1.81	3,256,219	1.50
<b>B&amp;I - MORTGAGE LENDING</b>	3,247,371	12,649,530	5,893,144	-53.41	5,255,428	-10.82
BALANCE FORWARD	-27,092	6,932,466	3,436,959	-50.42	2,661,325	-22.57
OTHER FUND	3,274,463	5,717,064	2,456,185	-57.04	2,594,103	5.62
<b>B&amp;I - INDUSTRIAL RELATIONS</b>	6,828,554	7,655,015	6,661,163	-12.98	6,755,570	1.42
FEDERAL FUND	74,287	66,050	70,550	6.81	70,550	
OTHER FUND	7,447,468	7,588,965	6,590,613	-13.16	6,685,020	1.43
REVERSIONS	-693,201					
<b>B&amp;I - OCCUPATIONAL SAFETY &amp; HEALTH ENFORCEMENT</b>	6,797,995	8,761,498	7,700,869	-12.11	7,699,564	-.02
FEDERAL FUND	945,710	969,540	945,710	-2.46	945,710	
OTHER FUND	7,085,530	7,791,958	6,755,159	-13.31	6,753,854	-.02
REVERSIONS	-1,233,245					
<b>B&amp;I - SAFETY CONSULTATION AND TRAINING</b>	2,656,367	3,028,236	2,780,590	-8.18	2,796,865	.59
FEDERAL FUND	743,890	772,360	743,890	-3.69	743,890	
OTHER FUND	2,130,633	2,255,876	2,036,700	-9.72	2,052,975	.80
REVERSIONS	-218,156					
<b>B&amp;I - MINE SAFETY &amp; TRAINING</b>	1,489,830	1,567,797	1,366,694	-12.83	1,380,515	1.01
FEDERAL FUND	302,412	277,616	227,075	-18.21	227,075	
OTHER FUND	1,390,697	1,290,181	1,139,619	-11.67	1,153,440	1.21
REVERSIONS	-203,279					
<b>B&amp;I - NV ATTORNEY FOR INJURED WORKERS</b>	3,107,058	3,551,290	3,272,107	-7.86	3,348,443	2.33
OTHER FUND	3,428,191	3,551,290	3,272,107	-7.86	3,348,443	2.33
REVERSIONS	-321,133					
<b>B&amp;I - DAIRY COMMISSION</b>	1,221,515	1,900,998	1,714,669	-9.80	1,720,914	.36
BALANCE FORWARD	-122,401	584,982	380,987	-34.87	384,904	1.03
FEDERAL FUND	7,991	5,468	5,468		5,468	
OTHER FUND	1,335,925	1,310,548	1,328,214	1.35	1,330,542	.18

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>B&amp;I - ATHLETIC COMMISSION</b>	629,861	1,028,488	832,865	-19.02	835,217	.28
GENERAL FUND	717,814	732,597	548,470	-25.13	550,822	.43
BALANCE FORWARD	-30,908	155,865	155,865		155,865	
INTER-AGENCY TRANSFER		18,483				
OTHER FUND	128,530	121,543	128,530	5.75	128,530	
REVERSIONS	-185,575					
<b>B&amp;I - LABOR COMMISSIONER</b>	1,408,489	1,651,155	1,323,612	-19.84	1,332,359	.66
GENERAL FUND	1,530,764	1,579,590	1,323,612	-16.21	1,332,359	.66
INTER-AGENCY TRANSFER		71,565				
REVERSIONS	-122,275					
<b>B&amp;I - EMPLOYEE MANAGEMENT RELATIONS BOARD</b>	219,350	236,737	218,968	-7.51	219,404	.20
GENERAL FUND	218,464	221,888				
INTER-AGENCY TRANSFER		9,330				
OTHER FUND	6,716	5,519	218,968	3,867.53	219,404	.20
REVERSIONS	-5,830					
<b>B&amp;I - TAXICAB AUTHORITY</b>	6,155,021	8,933,446	8,437,032	-5.56	8,660,653	2.65
BALANCE FORWARD	-321,938	2,426,796	2,119,317	-12.67	2,268,278	7.03
OTHER FUND	6,476,959	6,506,650	6,317,715	-2.90	6,392,375	1.18
<b>TOTAL DEPT OF BUSINESS &amp; INDUSTRY</b>	86,592,413	162,642,290	136,685,639	-15.96	134,757,475	-1.41
GENERAL FUND	9,303,580	9,604,330	3,426,488	-64.32	2,898,277	-15.42
BALANCE FORWARD	410,582	53,035,729	49,622,022	-6.44	46,794,003	-5.70
FEDERAL FUND	4,979,275	6,790,632	6,123,843	-9.82	6,123,843	
HIGHWAY FUND	2,482,036	2,540,949	2,300,957	-9.44	2,313,763	.56
INTER-AGENCY TRANSFER	4,846,562	6,957,501	4,537,065	-34.79	4,619,858	1.82
OTHER FUND	68,758,899	83,713,149	70,675,264	-15.57	72,007,731	1.89
REVERSIONS	-4,188,521					
<b>ECONOMIC DEVELOPMENT &amp; TOURISM</b>						
<b>ECONOMIC DEVELOPMENT - COMMISSION ON ECONOMIC DEV</b>	5,510,395	6,518,212	4,618,157	-29.15	4,529,643	-1.92
GENERAL FUND	6,076,293	6,104,352	4,535,962	-25.69	4,447,448	-1.95
BALANCE FORWARD	33,124	44,641				
INTER-AGENCY TRANSFER		64,384				
OTHER FUND	17,440	304,835	82,195	-73.04	82,195	
REVERSIONS	-616,462					
<b>ECONOMIC DEVELOPMENT - NEVADA FILM OFFICE</b>	894,013	1,169,681	890,604	-23.86	895,178	.51
BALANCE FORWARD	-58,644	122,415				
INTER-AGENCY TRANSFER	786,408	897,266	719,953	-19.76	724,237	.60
OTHER FUND	166,249	150,000	170,651	13.77	170,941	.17
<b>ECONOMIC DEVELOPMENT - RURAL COMMUNITY DEVELOPMENT</b>	2,331,129	3,425,507	3,196,925	-6.67	3,188,511	-.26
GENERAL FUND	252,097	257,681	257,731	.02	249,317	-3.26
BALANCE FORWARD	-51,341	300,393				
FEDERAL FUND	2,135,392	2,752,188	2,729,194	-.84	2,729,194	
INTER-AGENCY TRANSFER		19,387				
OTHER FUND	52,350	95,858	210,000	119.07	210,000	
REVERSIONS	-57,369					

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<b>ECONOMIC DEVELOPMENT- PROCUREMENT OUTREACH PROGRAM</b>	505,288	569,243	520,451	-8.57	524,059	.69
GENERAL FUND	110,851	119,105	88,727	-25.51	92,335	4.07
FEDERAL FUND	414,702	419,828	425,724	1.40	425,724	
INTER-AGENCY TRANSFER		24,310				
OTHER FUND	11,975	6,000	6,000		6,000	
REVERSIONS	-32,240					
<b>TOURISM - TOURISM DEVELOPMENT FUND</b>	21,378,751	20,438,014	8,223,647	-59.76	8,698,893	5.78
GENERAL FUND			8,115,496		8,590,742	5.86
BALANCE FORWARD	2,692,528	2,614,181				
OTHER FUND	19,186,223	17,823,833	108,151	-99.39	108,151	
REVERSIONS	-500,000					
<b>TOURISM - NEVADA MAGAZINE</b>	1,984,731	2,580,734	1,485,222	-42.45	1,498,205	.87
BALANCE FORWARD	35,444	89,107	121,918	36.82	114,951	-5.71
INTER-AGENCY TRANSFER	181,847	272,500				
OTHER FUND	1,767,440	2,219,127	1,363,304	-38.57	1,383,254	1.46
<b>TOURISM - TOURISM DEVELOPMENT</b>		364,668	152,411	-58.21	18,273	-88.01
BALANCE FORWARD	-18,273	134,138	134,138			
INTER-AGENCY TRANSFER		200,000				
OTHER FUND	18,273	30,530	18,273	-40.15	18,273	
<b>TOTAL ECONOMIC DEVELOPMENT &amp; TOURISM</b>	32,604,307	35,066,059	19,087,417	-45.57	19,352,762	1.39
GENERAL FUND	6,439,241	6,481,138	12,997,916	100.55	13,379,842	2.94
BALANCE FORWARD	2,632,838	3,304,875	256,056	-92.25	114,951	-55.11
FEDERAL FUND	2,550,094	3,172,016	3,154,918	-.54	3,154,918	
INTER-AGENCY TRANSFER	968,255	1,477,847	719,953	-51.28	724,237	.60
OTHER FUND	21,219,950	20,630,183	1,958,574	-90.51	1,978,814	1.03
REVERSIONS	-1,206,071					
<b>COMMERCE &amp; INDUSTRY</b>						
GENERAL FUND	51,942,595	53,231,104	48,297,355	-9.27	48,369,633	.15
BALANCE FORWARD	2,708,699	64,968,938	57,306,533	-11.79	54,584,223	-4.75
FEDERAL FUND	9,362,297	13,384,232	11,135,448	-16.80	11,141,227	.05
HIGHWAY FUND	2,482,036	2,540,949	2,300,957	-9.44	2,313,763	.56
INTER-AGENCY TRANSFER	19,664,152	25,045,271	18,031,538	-28.00	18,079,321	.26
INTERIM FINANCE	15,934					
OTHER FUND	123,334,410	137,551,251	106,880,473	-22.30	107,844,404	.90
REVERSIONS	-10,069,395	31,550				
<b>TOTAL FOR COMMERCE &amp; INDUSTRY</b>	199,440,728	296,753,295	243,952,304	-17.79	242,332,571	-.66
Less: INTER-AGENCY TRANSFER	19,664,152	25,045,271	18,031,538	-28.00	18,079,321	.26
<b>NET COMMERCE &amp; INDUSTRY</b>	179,776,576	271,708,024	225,920,766	-16.85	224,253,250	-.74



## **HUMAN SERVICES**

The Human Services function consists of the Department of Health and Human Services (DHHS), which includes the divisions of Health Care Financing and Policy, Aging Services, Health, Welfare and Supportive Services, Mental Health and Developmental Services and Child and Family Services. This function also includes the Department of Employment, Training and Rehabilitation.

The Executive Budget recommends General Fund support for the Human Services functional area totaling \$944.8 million in FY 2009-10, a decrease of 6.6 percent compared to amounts approved in FY 2008-09, and \$1,063.5 million in FY 2010-11, an increase of 12.6 percent over amounts recommended in FY 2009-10. The Governor recommends \$2.577 billion in FY 2009-10 from all funding sources, an increase of .5 percent over amounts authorized in FY 2008-09 and \$2.692 billion in FY 2010-11, which represents an additional increase of 4.5 percent over FY 2009-10.

### **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

#### **DIRECTOR'S OFFICE**

The Director's Office is responsible for coordinating all departmental programs, overseeing the department's budgets and providing technical assistance to the various divisions within the department. Currently, eight budget accounts are directly administered by the office, including: DHHS Administration; Developmental Disabilities; Community Based Services; IDEA Part C Compliance; the Grants Management Unit; the Revolving Account for the Prevention and Treatment of Problem Gambling; the Fund for a Healthy Nevada Administration; and the Children's Trust account. The Director's Office also provides administrative assistance for the Office of the Nevada State Public Defender and the Nevada Indian Commission.

For the 2009-11 biennium, the Governor recommends the transfer of the Office of Disability Services and the Senior Rx and Disability Rx programs to the Aging Services Division, which would become a new Division of Aging and Disability Services (DADS). The budget accounts for the Office of Disability Services (Developmental Disabilities, Community Based Services and Idea Part C Compliance) would remain intact, but would be transferred to the new DADS. The Senior Rx and Disability Rx programs and the five positions that administer these programs would be transferred from the Healthy Nevada Fund account to the DADS Tobacco Settlement program account, which currently includes Tobacco Settlement revenues for Independent Living Grants. The Healthy Nevada Fund account would remain in the Director's Office and serve as a pass-through for Tobacco Settlement funds.

The Executive Budget eliminates General Fund appropriations to support the costs of the Nevada 211 program, which is a single point of access to existing community health and human services information. The 2007 Legislature appropriated \$200,000 in each

fiscal year of the 2007-09 biennium and one-shot funding totaling \$200,000 for the program. After budget reductions, expenditures for the program in the DHHS Administration budget totaled \$181,578 in FY 2007-08. The Governor also recommends transferring to the Director's Office the Suicide Prevention Hotline and the \$100,000 in General Funds budgeted in each fiscal year of the 2009-11 biennium to support the program. The program is currently administered by the Division of Mental Health and Developmental Services.

### **DEVELOPMENTAL DISABILITIES**

The Developmental Disabilities budget supports the Governor's Council on Developmental Disabilities in providing conditional demonstration grants to the community, conducting analyses of various services and provider systems, and working to identify and fill gaps in service delivery through a matching grant from the Federal Administration on Developmental Disabilities. Historically, General Funds have been used to manage housing development and home ownership opportunities for low-income people with disabilities and to fund personnel costs associated with staffing the Interagency Advisory Board on Transition Services. The Executive Budget recommends state General Funds in the amount of approximately \$313,000 over the 2009-11 biennium to continue to match the annual federal developmental disabilities grant. The federal developmental disabilities grant requires a 25 percent cash or in-kind match. The Executive Budget does not include General Funds to support the costs of staffing the Interagency Advisory Board on Transition Services during the 2009-11 biennium.

### **COMMUNITY-BASED SERVICES**

The Community-Based Services account funds community-based resources for people with severe disabilities who are ineligible for services through public entitlement programs or for whom services do not otherwise exist. The Executive Budget recommends General Fund appropriations for the program of approximately \$15.2 million over the 2009-11 biennium. This represents an increase of 11.5 percent (\$1.6 million) in ongoing General Fund support over amounts legislatively approved for the program for the 2007-09 biennium.

The increase for the 2009-11 biennium is driven by the Governor's recommendation for \$3.6 million in General Funds for anticipated caseload growth in the Traumatic Brain Injury (TBI) and Independent Living programs. The Executive Budget recommends a net reduction in General Fund appropriations for the Personal Assistance Services (PAS) program of \$154,214 in each year of the 2009-11 biennium. Although the proposed budget includes additional funds totaling \$368,097 in each fiscal year to reduce wait times for the PAS program, funding for the program is reduced by \$522,311 in each fiscal year as a separate budget reduction measure. The reduction is primarily the result of the Governor's recommendation to reduce the reimbursement rate for PAS services by \$3 per hour, from approximately \$18 per hour to \$15 per hour. The

reduction in the reimbursement rate is applied throughout the department for all programs that use these services.

### **IDEA PART C COMPLIANCE OFFICE**

The Individuals with Disabilities Education Act (IDEA) Part C Compliance Office serves as the lead agency for Nevada Early Intervention Services. The office monitors the compliance of providers with federal laws and provides ongoing technical assistance to programs providing early intervention services. The IDEA Part C Compliance Office was established in FY 2007-08 in the Office of Disability Services, to separate the compliance and monitoring functions from the service delivery function. The office is supported entirely with federal funds from the federal Department of Education (Part C of the Individuals with Disabilities Education Act). The Governor recommends transferring this program out of the Department of Health and Human Services Director's Office to the proposed Division of Aging and Disability Services.

### **FUND FOR A HEALTHY NEVADA**

Revenue for the Fund for a Healthy Nevada is provided through a transfer from the Treasurer's Office of Tobacco Settlement funds received by the state of Nevada. The fund receives 50 percent of the Tobacco Settlement funds received by the state. Of this amount, 15 percent is allocated for grants to reduce tobacco use, 10 percent is allocated for grants to improve the health of children, 10 percent is allocated for programs that improve the health and well-being of persons with disabilities, 30 percent is allocated to support the Senior Prescription Drug program (Senior Rx), and 5 percent is allocated for a program to extend coverage for prescription drugs and other related services to certain persons with disabilities (Disability Rx). The programs are administered by the Director's Office with direction from the Grants Management Advisory Board. The funding for grants to improve the health of children and disabled persons and grants to prevent or reduce the use of tobacco products is transferred to the Grants Management Unit account for allocation to various grantees. The remaining 30 percent is allocated to the Division for Aging Services for programs that assist senior citizens with independent living.

The Executive Budget recommends Tobacco Settlement agreement funds totaling \$457,416 in FY 2009-10 and \$803,012 in FY 2010-11 for caseload growth and inflationary increases in the costs of prescription drugs for the Senior Rx and Disability Rx programs. The funding is recommended based on projections that caseloads for the Senior Rx program will increase by 4.65 percent in FY 2010 and 4.7 percent in FY 2011, and that caseloads for the Disability Rx program will increase by 4.8 percent in each fiscal year of the biennium. The Executive Budget projects that prescription drug costs will increase by 5.7 percent in each fiscal year of the biennium.

The Governor recommends the transfer of the Senior Rx and Disability Rx programs to the proposed Division of Aging and Disability Services (DADS). The Senior Rx and Disability Rx programs and the five positions that administer them will be transferred to

the DADS tobacco settlement program account, which currently includes Tobacco Settlement revenues for Independent Living Grants.

### **GRANTS MANAGEMENT UNIT**

The Grants Management Unit was approved by the 2003 Legislature to consolidate six existing grant programs into one account. The six grant programs include: Family-to-Family Connection; Title XX Purchase of Social Services; Family Resource Centers Community Services Block Grant; Children's Trust Account; and Healthy Nevada Fund grants. In addition to these programs, the 2005 Legislature approved a program for the Prevention and Treatment of Problem Gambling, which is administered by employees in the Grants Management Unit.

Family-to-Family Connection and Family Resource Centers – The General Fund appropriation in the Grants Management Unit account supports the costs of the Family-to-Family Connection and Family Resource Center programs. The Family-to-Family program provides assistance to families with newborns with positive parenting, optimal child development, healthy family structures and community support. The Family Resource Center program consists of neighborhood centers, which provide a wide array of services or referrals to services for at-risk families that promote individual and family well-being. The 2007 Legislature also approved funding to allow the Family Resource Centers to assist with child welfare cases that do not warrant investigative action by child protective services agencies so that those agencies are better able to respond to more severe cases. General Fund support for the programs in The Executive Budget totals approximately \$3.7 million in each fiscal year, which is a slight reduction from the \$3.9 million approved by the 2007 Legislature for FY 2008-09.

Title XX Purchase of Social Services – This program, established in 1974 under Title XX of the Social Security Act, provides states with funds for a wide variety of social service programs. The Executive Budget recommends total expenditure authority of \$14.6 million in each fiscal year of the 2009-11 biennium, which is approximately \$600,000 more than the amount approved by the 2007 Legislature for FY 2008-09. The funds are sub-granted to state and non-state agencies for social programs. The Governor recommends increasing the grants to non-state agencies to approximately \$1.4 million, or an increase of \$199,000 in each fiscal year of the 2009-11 biennium, to ensure they receive ten percent of the total federal grant amount during the biennium. Additionally, the Governor recommends sub-granting \$20,000 in Title XX funds to the Division of Aging and Disability Services in each fiscal year of the biennium, which will be passed on to local governments to use as match in securing federal funds for transportation services for seniors.

### **REVOLVING ACCOUNT FOR THE PREVENTION AND TREATMENT OF PROBLEM GAMBLING**

The Program for the Prevention and Treatment of Problem Gambling was created by the 2005 Legislature through the enactment of S.B. 357. The program is funded through a transfer of an amount equal to \$2 for each slot machine subject to the

quarterly slot license fee. The Executive Budget includes slot tax revenues totaling approximately \$1.7 million in each fiscal year of the 2009-11 biennium. The costs of administering the program (\$141,739 in FY 2010 and \$145,437 in FY 2011) are included in the Grants Management Unit account.

#### **OFFICE OF THE STATE PUBLIC DEFENDER**

The Office of the State Public Defender represents adult and juvenile indigent, criminal defendants when a court appoints the office as counsel. The office currently provides services for Carson City, Storey County, Eureka County, Lincoln County and White Pine County. The twelve remaining counties provide their own public defender services through a county public defender or by contracting with a private attorney to provide those services.

The Executive Budget recommends \$522,979 (\$160,168 in General Funds) to address a Nevada Supreme Court Order regarding the representation of indigent defendants in criminal cases. The costs to address the order include: \$462,175 (\$114,967 in General Funds) for three new positions, including a Deputy Public Defender, an Investigator and an Administrative Assistant; \$20,804 (\$5,201 in General Funds) for specialized capital case training; and \$40,000 in General Funds to administer a new Indigent Defense Commission.

#### **INDIAN AFFAIRS COMMISSION**

The Nevada Indian Affairs Commission was created in 1965 to study issues affecting the social and economic welfare and well-being of Native Americans residing in Nevada. The commission is comprised of five members appointed by the Governor. The Governor recommends reducing General Funds by \$31,991 in FY 2010 and \$32,554 in FY 2011, resulting in the reduction of the Executive Director's position from full time to .85 in FY 2010 and .80 in FY 2011. The reduction also results in the elimination of in-state and out-of-state travel funds for the commission and staff and a reduction in operating supplies in each year of the biennium.

#### **DIVISION FOR AGING SERVICES**

The Division for Aging Services works with Nevadans aged 60 years and older and serves as their primary advocate. Currently, the division administers five budget accounts: Aging Federal Programs and Administration; Home and Community Based Programs; Elder Protective Services/Homemaker Programs; Tobacco Settlement Program; and Senior Citizens' Property Tax Assistance. However, the Governor is recommending that three budget accounts and a portion of a fourth be transferred to the division from the Health and Human Services Director's Office as part of a reorganization to create the Division of Aging and Disability Services. General Fund appropriations are the largest funding source for the division, but Aging budgets are

also supported by federal Medicaid reimbursements Administration on Aging grants, as well as other federal grants, and Tobacco Settlement funds.

The Executive Budget for the 2009-11 biennium recommends an increase of 13.3 percent in overall funding when compared to the 2007-09 biennium. The General Fund portion of the budget is recommended to increase from \$35.7 million in the 2007-09 biennium to \$42.3 million over the 2009-11 biennium, an increase of 18.4 percent. The General Fund appropriation recommended by the Governor includes \$15.5 million in funding over the 2009-11 biennium for the Developmental Disabilities and Community-Based Services programs transferred from the DHHS Director's Office. The \$6.6 million increase in General Fund is due to: (1) an increase of \$2.4 million over the biennium in the Senior Property Tax Assistance budget; (2) an increase of \$4 million over the biennium from the transfer of state match for Title XIX from the Medicaid budget into the Home and Community Based Programs budget; and (3) a transfer of \$200,000 as part of the transfer of the Senior Rx and Disability Rx programs to the Tobacco Settlement program budget.

#### **REORGANIZATION**

The Governor recommends moving the Office of Disability Services (ODS), which is currently housed in the Department of Health and Human Services (DHHS) Director's Office, to Aging Services. The division would be renamed the "Division of Aging and Disability Services" (DADS). The proposed reorganization would require legislation. The budgets that are recommended to transfer to Aging Services are: Developmental Disabilities, Community-Based Services, and IDEA Part C Compliance Administration. Also, the Governor recommends transferring the Senior Rx and Disability Rx programs from the Healthy Nevada Fund budget account, which is part of the DHHS Director's Office, to the Tobacco Settlement program budget account within Aging Services. The Senior Rx and Disability Rx programs provide prescription drug programs for low income seniors and people with disabilities. With the transfer of ODS and Senior/Disability Rx, a total of 25 existing positions would transfer to the Division of Aging and Disability Services.

#### **SENIOR CITIZENS' PROPERTY TAX ASSISTANCE**

The Senior Citizens' Property Tax Assistance program provides relief to eligible senior citizens carrying an excessive residential property tax burden in relation to their income, and to those senior citizens who, through rent payments, pay a disproportionate amount of their income for property taxes. The program is funded entirely through General Fund appropriations.

The Executive Budget includes General Funds totaling approximately \$12.1 million over the 2009-11 biennium. The recommended funding provides for increases in the number of applications processed by county assessors (\$4 each), projected growth in the number of eligible clients, and an increase in the average refund amounts anticipated to be paid to eligible seniors. The funding request is based on a 3.9 percent projected

increase in the estimated average refund amount in each fiscal year and a 3.75 percent projected increase in the number of applications submitted for each fiscal year. The total available for tax refunds in the Governor's recommended budget is \$5.7 million in FY 2010 and \$6.1 million in FY 2011.

### **TOBACCO SETTLEMENT PROGRAM**

The Tobacco Settlement program budget contains tobacco settlement funds that are used to fund Independent Living Grants. Independent Living Grants (ILG) enhance the lives of older Nevadans by promoting services that enable seniors to remain at home and avoid institutional placement. Total funding recommended for the 2009-11 biennium is \$24.8 million, over 90 percent of which is tobacco settlement funding. The Governor recommends \$4.5 million in ILG awards to non-profit agencies in FY 2010 and \$6.5 million in ILG in FY 2011.

### **HOME AND COMMUNITY BASED PROGRAMS**

Within the Home and Community Based Programs budget, the Community Home-Based Care unit provides services to those seniors most at risk. Services are provided through three Medicaid waivers: the Community Home-Based Initiatives Program (CHIP), the Waiver for Elderly in Adult Residential Care (WEARC), and the Assisted Living (AL) waiver that was approved during the 2005-07 biennium. Each of these programs provides alternatives to nursing home placement. The scope of services also includes training for caregivers to support and enhance the skills of family and professional care providers for frail elders. Funding is provided through a combination of federal Title XIX funds (Medicaid) with General Fund match, as well as Tobacco Settlement funds. Total General Fund appropriations recommended for this budget are \$3.5 million in FY 2010 and \$3.6 million in FY 2011.

The Executive Budget does not recommend any caseload increases for the federally-funded Medicaid waivers, so the recommended caseload slots for both years of the 2009-11 biennium represent a continuance of the amounts agreed upon between Aging Services and the Division of Health Care Financing and Policy (HCF&P) for FY 2009. The caseload slots recommended for 2009-11 are as follows.

- Waiver for Elderly in Adult Residential Care (WEARC) 326
- Community Home-Based Initiatives Program (CHIP) 1,241
- Assisted Living (AL) 45

In addition, there is a state-funded equivalent to the CHIP waiver, known as COPE (Community Options for the Elderly). One part of the COPE program provides assistance to seniors with bathing, toileting and feeding. The Governor recommends General Funds totaling approximately \$150,000 over the biennium to increase the number of seniors receiving this assistance by 36 over the course of FY 2010 and 72 over the course of FY 2011.

Furthermore, since the waiver caseloads have been reduced per the agreement with HCF&P, seven vacant Social Worker II positions are recommended for elimination in The Executive Budget, at a savings of \$1.25 million over the biennium, most of which is federal Title XIX funding. Also, the hourly rate for Personal Care Assistants has been recommended to decrease from \$18.50 per hour to \$15.52 per hour. This reduction is across all divisions within the Department of Health and Human Services. This represents a General Fund reduction of \$109,088 in the Home and Community Based Programs budget in each fiscal year of the 2009-11 biennium.

As with the Aging Administration budget, the Home and Community Based Programs budget is recommended for a direct appropriation of the General Fund portion of payments for Medicaid administration costs. Previously, the General Fund match was transferred from the Division of Health Care Financing and Policy, but the recommendation to place the state match directly in Aging's budgets was made in order to have the same treatment of state matching funds across the DHHS divisions. Approximately \$2 million in state match in each year of the biennium is recommended to be appropriated to this budget, instead of being transferred from the Medicaid budget.

#### **AGING FEDERAL PROGRAMS AND ADMINISTRATION**

The Aging Federal Programs and Administration budget is the primary administrative account for the division and provides funding for grants and resource development, maintains the Elder Rights program, and provides centralized fiscal services for the division. The Governor recommends General Fund appropriations totaling \$3.6 million in both years of the 2009-11 biennium to support this budget account. However, federal funds are the largest revenue source in this budget, at \$9.9 million per year.

The Governor recommends additional General Fund support of approximately \$150,000 in FY 2010 and \$160,000 in FY 2011 to maintain 18 existing positions in this budget, in two separate enhancements. All of these positions were previously funded with federal funds that have been reduced or not renewed, so the General Fund would supplant the eliminated federal funds. One Social Services Program Specialist position that was formerly funded by Aging and Disability Resource Center (ADRC) grant funds is being recommended to be maintained with partial General Fund support in order to continue development of ADRC infrastructure around the state. The second enhancement is to maintain 16 Elder Ombudsman program positions and 1 Social Welfare Program Chief position. Previously, all 17 positions were funded with federal Title XIX transfers from Nevada Medicaid, but the federal Centers for Medicare and Medicaid Services (CMS) ceased reimbursing the state for certain duties within the Ombudsman program. In order to maintain all 17 positions, General Funds are recommended to supplant the loss of federal Title XIX funding.

The Executive Budget also recommends that the General Fund portion of payments for Medicaid administration from the Division of Health Care Financing and Policy (HCF&P) be appropriated directly to Aging Services to replicate how Medicaid funding is



budgeted in other DHHS divisions. Approximately \$236,000 per year is recommended in General Fund appropriations for the Division for Aging Services for this purpose.

### **ELDER PROTECTIVE SERVICES/HOMEMAKER PROGRAMS**

The Elder Protective Services (EPS) program provides services to prevent and remedy the abuse, neglect, exploitation and isolation of elderly persons age 60 and older. The Homemaker program serves both senior citizens and younger disabled adults with services that include case management, housekeeping, laundry, shopping, meal preparation and stand-by assistance with bathing. The programs are funded with General Fund appropriations, federal Title XX block grant funds and Tobacco Settlement funds.

Total funding recommended for the EPS/Homemaker budget for the 2009-11 biennium is \$6.6 million, \$6.2 million of which is Title XX funding. Aside from \$6,178 in replacement equipment in each year of the upcoming biennium, the Governor is not recommending any significant enhancements for the EPS or Homemaker programs. There is no increase in caseload recommended, since Title XX funding is not anticipated to increase. The amount budgeted in each year for intermittent state Family Support Workers to provide Homemaker services is lower than the amount expended on Family Support Workers during FY 2008. This is due to the division's policy of not replacing state incumbents as positions are vacated and using contract providers instead. However, since contractor funding is flat and intermittent positions are being reduced, there is an effective reduction in the amount of Homemaker services available to seniors.

### **DIVISION OF HEALTH CARE FINANCING AND POLICY**

The mission of the Division of Health Care Financing and Policy (DHCF&P) is to purchase and provide quality health care service to low-income Nevadans through the Medicaid, Nevada Check Up and HIFA Medical (HIFA waiver) programs in the most efficient manner; to promote equal access to health care at an affordable cost; to restrain the growth of health care costs; and to maximize the receipt of federal revenue for the provision of health care programs.

The Executive Budget recommends total funding to support the division's programs in the amount of \$3.3 billion for the 2009-11 biennium, which is an increase of approximately \$315.4 million when compared to the total amount of funding legislatively approved for the 2007-09 biennium. General Fund support is recommended to increase by \$55.7 million (5.9 percent) to slightly less than \$1 billion over the 2009-11 biennium, compared to \$941.5 million for the 2007-09 biennium.

## **INTERGOVERNMENTAL TRANSFER PROGRAM**

The Intergovernmental Transfer (IGT) budget collects funds from other governmental entities to support three programs: Disproportionate Share Hospitals (DSH), Upper Payment Limit (UPL), and University of Nevada School of Medicine Supplemental Payments. Funds are collected in the IGT budget and then transferred to Medicaid for use as state matching funds for these programs.

The DSH program provides payments to hospitals that have a disproportionate share of uncompensated costs due to services provided to indigents and the uninsured in comparison to other hospitals. Pursuant to NRS 422.380 through NRS 422.390, Clark and Washoe Counties are required to make IGTs to the division in support of this program. IGTs in excess of the DSH match requirements are used to offset General Funds for other Medicaid expenditures.

The UPL program provides payments to county-owned hospitals. Federal Medicaid law allows states the option of making supplemental payments to qualifying hospitals (county or municipal hospitals) up to the Medicare upper payment limit. The intent is to preserve access to inpatient hospitals for needy individuals by reimbursing hospitals that qualify for uncompensated or under-compensated care. Pursuant to interlocal agreements, counties make IGTs to this budget to be used as state matching funds for the UPL payments to their hospitals. Excess IGTs are used to offset General Funds for other Medicaid expenditures.

The Executive Budget proposes to continue the DSH program for the 2009-11 biennium as designed and approved by the 2003 Legislature for the current biennium and in accordance with Assembly Bill 297. Assembly Bill 297 established a long-term methodology for distributing disproportionate share funding to qualifying hospitals. Participating hospitals will receive payments of approximately \$88.0 million for FY 2009-10 and \$87.1 million for FY 2010-11. The counties benefit indirectly from these payments by approximately \$26.2 million for FY 2009-10 and \$25.9 million for FY 2010-11 when comparing the hospital DSH payments to the amount of the IGT payments. For the 2009-11 biennium, The Executive Budget estimates the IGT program will generate a benefit to the state in the amount of approximately \$17.8 million for FY 2009-10 and \$17.6 million for FY 2010-11.

The Executive Budget recommends continuing the UPL program without change for the 2009-11 biennium. Participating hospitals will receive payments of approximately \$30.1 million in FY 2009-10 and \$31.4 million in FY 2010-11. The net benefit to counties (hospital payments less IGT payments) is approximately \$12.1 million for FY 2009-10 and \$12.6 million for FY 2010-11. The estimated net benefit for the state is approximately \$3.0 million for FY 2009-10 and \$3.1 million for FY 2010-11.

The division and the University of Nevada School of Medicine (UNSOM) have entered into an agreement that provides UNSOM supplemental payments in recognition of the gap between Medicaid reimbursement and the average private insurance reimbursement for the same services (primarily outpatient services). The agreement is

designed to recognize the higher cost of providing medical services in a teaching environment. The UNSOM will provide the IGTs to be used as the state's match to receive federal Title XIX funds that, in combination, will be used to make the supplemental payments. The Executive Budget provides the necessary budget authority (approximately \$1.7 million in each fiscal year) to pay the supplemental payments to UNSOM for the 2009-11 biennium.

The budget, as recommended, expends all funding available for the 2009-11 biennium, and no unobligated reserve will remain for cash-flow purposes or unforeseen expenditure needs in the Medicaid or Nevada Check Up budgets.

### **HEALTH CARE FINANCING AND POLICY (ADMINISTRATION)**

The Administration budget provides for the administrative staff and the support services for the Division of Health Care Financing and Policy, which includes administration, accounting, budgeting, personnel, rates, compliance, surveillance, utilization review, provider enrollment and information technology.

The Executive Budget recommends \$815,019 in FY 2009-10 and \$987,686 in FY 2010-11, including funding for three new positions, to begin the procurement process for a new vendor to take over the existing Medicaid Management Information System (MMIS). The project would receive a 75 percent match from the Centers for Medicare and Medicaid Services (CMS). General Fund appropriations for the project would total \$575,646 over the 2009-11 biennium, including \$75,768 in the division's Administration budget and \$499,878 in the Department of Administration's Information Technology Projects budget. The current MMIS vendor has indicated that it will not rebid the Nevada contract past its current term and wishes to eliminate MMIS from its product line. The new vendor would assume fiscal agent duties and would host and operate MMIS until a new system is procured for Nevada.

The Governor recommends transferring all administrative expenditures and all 151 positions from the Medicaid budget to the Administration budget. The transferred expenditures total \$56.2 million in FY 2009-10 and \$61.2 million in FY 2010-11. The division indicates that the transfer will simplify budgeting, accounting, federal reporting and cost allocation by placing all administrative expenditures in the same budget.

The Executive Budget recommends \$414,200 (\$207,100 in General Funds) in FY 2009-10 and \$215,100 (\$107,550 in General Funds) in FY 2010-11 for increased auditing of hospitals that receive Disproportionate Share Hospital (DSH) payments. The division indicates that a new rule issued by CMS will increase audit requirements on those hospitals during the 2009-11 biennium. The Governor's recommendation is to use contract auditors to meet the new CMS requirements.

### **INCREASED QUALITY OF NURSING CARE**

This budget account was created in accordance with A.B. 395 approved by the 2003 Legislature, which instituted a methodology that requires the division to establish a provider tax program encompassing all freestanding long-term care facilities (except those owned by the state) in Nevada. Assembly Bill 395 stipulates that funding received via the provider tax which is used to match federal Title XIX funds must be applied to increasing reimbursement rates and cannot be used to replace existing state expenditures paid to long-term care facilities. This budget accounts for the provider tax received from the industry.

The provider tax is an established uniform rate based on the non-Medicare patient days, and until October 1, 2007, was historically set at the equivalent of 6 percent of total annual gross revenues. On October 1, 2007, the amount of the provider tax was reduced to 5.5 percent to comply with the Deficit Reduction Act (DRA), which placed restrictions on the use of provider taxes. The reduction in the provider tax rate reduced the pool of revenue available to match federal Title XIX funds, which reduced the amount of funding used to increase reimbursement rates paid to long-term care facilities.

The division estimates long-term care facilities will receive an average per-bed day reimbursement rate of \$169.25 for FY 2009-10 and \$169.35 for FY 2010-11, compared to the average per-bed day rate of \$121.73 received prior to the provider tax program. The net increase (net of the tax) realized by nursing homes is \$23.76 in FY 2009-10 and \$24.19 in FY 2010-11. The legislation allows the division to use no more than one percent of the taxes collected to administer the provider tax program. The Executive Budget does not recommend any changes to the financing methodology for the nursing facility provider tax program.

### **NEVADA CHECK UP**

The Balanced Budget Act of 1997 created the State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act to enable states to initiate and expand health care coverage targeted to low-income and uninsured children. The Nevada Check Up program was approved as a stand-alone program that covers children ages birth through 18 years from families with incomes up to 200 percent of poverty. Eligibles pay quarterly premiums ranging from \$25 to \$80, based on their income level and family size. Services are provided under a managed care arrangement with participating Health Maintenance Organizations (HMO) in Clark and Washoe Counties, and on a fee-for-service basis in areas of the state where an HMO network does not exist. Enrollment in the program began in October 1998.

Overall total funding for the Nevada Check Up program is recommended to decrease to approximately \$84.0 million for the 2009-11 biennium, which is a decrease of approximately \$5.5 million when compared to the total funding legislatively approved for the 2007-09 biennium. General Fund support is recommended to increase to

approximately \$26.6 million over the 2009-11 biennium, which is an increase of approximately \$3.1 million when compared to the legislatively-approved amount for the 2007-09 biennium.

Caseload Growth – Nevada Check Up is not an entitlement program like Medicaid; therefore, enrollments can be capped and funding for caseload growth is considered a budget enhancement rather than a maintenance/demographics issue. The Executive Budget recommends capping enrollment in the Nevada Check Up program at 25,000 recipients in each year of the 2009-11 biennium. The recommendation to cap Check Up enrollment reduces expenditures for the program by approximately \$9.1 million (\$3.0 million state General Funds) over the biennium.

Due to the recommendation to cap enrollment in the program, The Executive Budget does not include projections of caseload growth. However, the average monthly caseload for the program in FY 2007-08 was 29,075, while the average monthly caseload for the program for the first seven months of FY 2008-09 was 24,435.

Provider Rate Increases – The Executive Budget recommends approximately \$12.5 million (\$4.4 million in General Fund) primarily for mandatory rate increases for HMO providers, transportation services and pharmacy. Health Maintenance Organization provider rates are recommended to increase by 3.8 percent in FY 2009-10 and 4.5 percent in FY 2010-11, and transportation services are recommended to receive a 5.0 percent rate increase for each fiscal year of the 2009-11 biennium. The Governor recommends an inflationary increase in pharmacy rates of 5.7 percent in each year of the 2009-11 biennium.

Budget Reduction Measures – In addition to the recommendation to cap enrollment in the Nevada Check Up program at 25,000 recipients, The Executive Budget also recommends the continuation of three budget reduction measures for Nevada Check Up that were implemented during the 2007-09 biennium and one new budget reduction measure for the 2009-11 biennium. These budget reduction measures include:

- Elimination of Pediatric and Obstetric Rate Enhancements – Prior to September 1, 2008, physicians in the Nevada Medicaid and Check Up programs received an enhanced rate for certain procedures performed on recipients under 21 years of age and for obstetric services. The rate enhancements were eliminated in response to revenue shortfalls in the current biennium. The projected General Fund savings from the continuation of this budget reduction measure for the Check Up program is \$65,764 in each year of the 2009-11 biennium.
- Reduction of Inpatient Hospital Rates – Effective September 1, 2008, rates paid to inpatient hospitals, inpatient psychiatric facilities and specialty/rehabilitation hospitals were reduced by five percent for both the Nevada Medicaid and Nevada Check Up programs. The projected General Fund savings from the continuation of this budget reduction measure for the Check Up program is \$6,847 in each year of the 2009-11 biennium.

- Reductions in Orthodontia, Vision and Dental Services – The Governor recommends reducing expenditures by \$997,318 (\$349,061 General Fund) in each year of the 2009-11 biennium based on the continuation of Check Up service reductions implemented during FY 2008-09. The service reductions include eliminating orthodontia and certain vision services and capping non-emergency dental services at \$600 for Check Up enrollees.
- Additional Reduction of Inpatient Hospital Rates – The Governor recommends an additional five percent reduction in the rates paid to inpatient hospitals, inpatient psychiatric facilities and specialty/rehabilitation hospitals for both the Nevada Medicaid and Nevada Check Up programs for the 2009-11 biennium. This additional reduction would bring the overall reduction 10 percent. The projected savings to the General Fund from this budget reduction measure for the Check Up program is \$6,847 in each year of the 2009-11 biennium.

## **MEDICAID**

Medicaid is the state-administered program for medical assistance established in 1965 through the passage of Title XIX of the Social Security Act. The Medicaid program purchases or provides medical services for persons who meet certain eligibility criteria. Medicaid covers three main groups of low-income people: parents and children, the elderly, and the disabled. Under federal Medicaid law, there are certain eligible groups and benefits that must be covered by states; however, states are given discretion and flexibility to determine the various categories of benefits and the eligible groups their Medicaid programs will cover. Nevada has adopted both optional eligibility groups and optional benefit packages to be covered under its Medicaid plan.

Prior to the transfer of administration costs and positions to the Administration budget as recommended by the Governor, overall funding for the Medicaid program is recommended to increase to approximately \$2.91 billion for the 2009-11 biennium, which is an increase of approximately \$436.9 million when compared to the total funding legislatively approved for the 2007-09 biennium. General Fund support is recommended to increase to approximately \$965.5 million for the 2009-11 biennium, which is an increase of approximately \$152.0 million, or 18.7 percent, when compared to the General Fund support approved by the 2007 Legislature for the 2007-09 biennium.

Caseload Growth – The Executive Budget recommends approximately \$407.6 million (\$201.8 million in General Fund) over the 2009-11 biennium for the increased costs associated with the projected growth in caseload. Medicaid caseloads are projected to increase by approximately 10.4 percent in FY 2009-10 over the projected caseloads for FY 2008-09 (current year) and by approximately 7.8 percent in FY 2010-11 over the projected caseloads for FY 2009-10 (see table below).

<b>FY 2008</b>	<b>FY 2009 (proj)</b>	<b>% change</b>	<b>FY 2010 (Gov Rec)</b>	<b>% change</b>	<b>FY 2011 (Gov Rec)</b>	<b>% change</b>
180,503	195,385	8.2%	215,679	10.4%	232,579	7.8%

Provider Rate Increases – The Executive Budget recommends approximately \$91.6 million (\$47.8 million in General Fund) primarily for mandatory rate increases for HMO providers and transportation services. Health Maintenance Organizations provider rates are recommended to increase by 4.7 percent in FY 2009-10 and 5.0 percent in FY 2010-11, and transportation services are recommended to receive a 5.0 percent rate increase for each fiscal year of the 2009-11 biennium. The Governor does not recommend an inflationary increase in pharmacy rates for the 2009-11 biennium due to recent reduced pharmacy utilization.

Although The Executive Budget does not include specific inflation rates for residential treatment homes in each year of the 2009-11 biennium, the Governor recommends a one-time increase for treatment homes based on the unbundling of rates paid for treatment home services. The CMS required the division to unbundle its core rate for treatment home services and required it to charge Medicaid for mental health rehabilitative services only and not services such as foster care, vocational services and juvenile justice. The Governor recommends \$8.8 million (\$4.4 million General Fund) in FY 2009-10 and \$9.1 million (\$4.6 million General Fund) in FY 2010-11 to fund the additional costs resulting from the unbundling of rates paid for treatment homes.

2007-09 Budget Reduction Measures Continued in the 2009-11 Biennium – The Governor recommends the continuation of five budget reductions measures for the Medicaid program that were implemented during the 2007-09 biennium. These reduction measures include:

- Elimination of Pediatric and Obstetric Rate Enhancements – Prior to September 1, 2008, physicians in the Nevada Medicaid and Check Up programs received an enhanced rate for certain procedures performed on recipients under 21 years of age and for obstetric services. The rate enhancements were eliminated in response to revenue shortfalls in the current biennium. The projected General Fund savings from the continuation of this budget reduction measure for the Medicaid program are \$4,033,006 in FY 2009-10 and \$4,252,880 in FY 2010-11.
- Reduction of Inpatient Hospital Rates – Effective September 1, 2008, rates paid to inpatient hospitals, inpatient psychiatric facilities and specialty/rehabilitation hospitals were reduced by five percent for both the Nevada Medicaid and Nevada Check Up programs. The projected General Fund savings from the continuation of this budget reduction measure for the Medicaid program are \$5,351,076 in FY 2009-10 and \$5,583,293 in FY 2010-11.
- Elimination of Graduate Medical Education Payments – The payments to hospitals for providing graduate medical education were discontinued on October 1, 2008, in response to revenue shortfalls in the current biennium. The projected savings to the General Fund from the continuation of this budget reduction measure is \$410,215 in each fiscal year of the 2009-11 biennium.
- Limitations on the Provision of Personal Care Services – Effective September 1, 2008, personal care services were limited to one hour per day for bathing, grooming and dressing and were eliminated entirely for exercise. The projected savings to the General Fund from the continuation of this budget reduction measure are \$4,915,235 in FY 2009-10 and \$5,036,542 in FY 2010-11.

- Limitations on Vision Services – Effective September 1, 2008, non-emergency vision services for adult Medicaid recipients were eliminated. The projected savings to the General Fund from the continuation of this budget reduction measure are \$633,526 in FY 2009-10 and \$661,139 in FY 2010-11.

New Budget Reduction Measures for the 2009-11 Biennium – The Governor recommends five additional budget reduction measures for the 2009-11 biennium. These reductions include:

- Additional Reduction of Inpatient Hospital Rates – The Governor recommends an additional five percent reduction in the rates paid to inpatient hospitals, inpatient psychiatric facilities and specialty/rehabilitation hospitals for both the Nevada Medicaid and Nevada Check Up programs for the 2009-11 biennium. This additional reduction would bring the overall reduction to ten percent. The projected savings to the General Fund from this budget reduction measure for the Medicaid program are \$5,351,076 in FY 2009-10 and \$5,583,293 in FY 2010-11.
- Elimination of HMO Incentive Payments – The Governor recommends eliminating incentive payments to HMOs. The current HMO contracts allow for payment of up to \$1 million in incentive payments for achieving certain health outcomes based on performance standards agreed upon by the HMO. The projected savings to the General Fund from this budget reduction measure is \$132,544 in each fiscal year of the 2009-11 biennium.
- Revision of TANF/CHAP Earned Income Disregards – The Governor recommends revising the TANF Related Medical and Children's Health Assurance Program earned income wage disregards back to those in effect prior to February 2007. The changes to the earned income wage disregard policy are more restrictive and reduce the time a recipient with earned income is eligible for Medicaid. The division placed affected recipients on transitional Medicaid effective October 2008, and they can remain on transitional Medicaid until they become ineligible in October 2009 (FY 2009-10). The projected savings to the General Fund from this budget reduction measure are \$4,051,596 in FY 2009-10 and \$6,255,742 in FY 2010-11.
- Addition of Drugs to the Preferred Drug List – The Governor recommends removing statutory restrictions that prevent the division from adding certain drugs to the preferred drug list (PDL). Currently NRS 422.4025 requires the division to exclude certain drugs from the PDL. The division submitted a bill draft request to the Legislature during the 24<sup>th</sup> Special Session on June 27, 2008, but the bill was not enacted. The projected savings to the General Fund from this budget reduction measure are \$1,432,190 in FY 2009-10 and \$1,580,381 in FY 2010-11.
- Reduction of Reimbursement for Personal Care Services – The Governor recommends reducing the reimbursement for Personal Care Services (PCS) by 16.2 percent, from \$4.63 per 15 minutes to \$3.88 per 15 minutes. The hourly rate would go from \$18.52 to \$15.52. The projected savings to the General Fund from this budget reduction measure are \$5,499,712 in FY 2009-10 and \$5,659,933 in FY 2010-11.

2007-09 Medicaid Revenues and Expenditure Offsets Continued in the 2009-11 Biennium – The Governor also recommends the continuation of seven



measures that were implemented during the 2007-09 biennium to generate new revenues or to offset expenditures for the Medicaid program during the 2009-11 biennium. Those measures include:

- Transfer from Indigent Supplemental Fund – The Governor recommends transferring to the Division of Health Care Financing and Policy Intergovernmental Transfer account the property tax receipts projected for the Indigent Supplemental Account. The receipts (\$27.8 million in FY 2007-08 and \$28.1 million in FY 2008-09) would be used to offset General Funds in the same amount in the Medicaid program instead of being used to fund claims for hospital care provided to indigent persons and a portion of the costs for the HIFA waiver program.
- Clinical Claims Editor Software – The Governor recommends reducing expenditures by \$1,128,103 in each fiscal year of the 2009-11 biennium due to the scheduled installation of clinical claims editor software for MMIS. The software identifies claims that should be denied for such reasons as billing mutually exclusive procedure codes, using an assistant surgeon when not warranted, or claiming for unlisted procedures. The General Fund savings is projected to be \$644,807 in each fiscal year of the 2009-11 biennium.
- More Efficient Diabetic Supply Procurement Practices – The Governor recommends reducing expenditures by \$351,540 in each fiscal year of the 2009-11 biennium due to efforts by the division's fiscal agent, First Health Services Corporation, to implement more efficient diabetic supply procurement practices. The General Fund savings is projected to be \$175,770 in each year of the 2009-11 biennium.
- Implementation of Poly Pharmacy Criteria – The Governor recommends reducing expenditures by \$655,038 in FY 2009-10 and \$722,816 in FY 2010-11 based on the implementation of poly pharmacy criteria that prevent the prescription of multiple drugs in the same therapeutic class to the same recipient at the same time. The General Fund savings are projected to be \$327,519 in FY 2009-10 and \$361,408 in FY 2010-11.
- Increased Drug Rebates – The Governor recommends reducing expenditures by \$5,932,718 in FY 2009-10 and \$6,546,588 in FY 2010-11 based on a projected increase in the receipt of physician administered drug rebates in the 2009-11 biennium. The General Fund savings are projected to be \$2,966,359 in FY 2009-10 and \$3,273,294 in FY 2010-11.
- Care Management and Coordination – The Governor recommends reducing expenditures by \$6.0 million in each fiscal year of the 2009-11 biennium for projected savings resulting from a care management and care coordination contract entered into with APS Healthcare. A clause in the contract requires that the DHCF&P must realize savings of \$4 million in FY 2008-09 and \$6 million in FY 2009-10. The General Fund savings is projected to be \$3 million in each fiscal year of the 2009-11 biennium.
- Medicare Part D Clawback – The Governor recommends increasing county reimbursement revenue and decreasing General Fund appropriations by \$1,758,031 in FY 2009-10 and \$1,791,226 in FY 2010-11, based on the decision made during the 2007-09 biennium to charge the counties for Medicare Part D Clawback payments for dual eligibles in the county match aid category.

## **HIFA MEDICAL**

With passage of A.B. 493, the 2005 Legislature approved a significant expansion of health care coverage for low-income Nevadans. The legislation required the division to apply for a Health Insurance Flexibility and Accountability (HIFA) waiver from the Centers for Medicare and Medicaid (CMS). A HIFA waiver provides states flexibility to expand health care coverage while limiting financial risk through various means, such as capping enrollment and expenditures, cost sharing, and limiting services and benefits. The expansion, as approved by CMS, covers the following groups:

- Pregnant women with income levels from 134 percent of the federal poverty level (FPL) up to 185 percent of FPL.
- Employees and their spouses who work for small employers (2-50 employees) and who have household incomes less than 200 percent of FPL – provide a premium subsidy for an Employees Subsidies Insurance (ESI) product in an amount up to \$100 per person, per month.

To fund the expansion, the Legislature approved the use of a combination of state General Funds, proceeds received from property tax levies that fund the Indigent Supplemental Fund, and federal Title XXI (SCHIP) funds.

Due to the revenue shortfalls in the state budget during the 2007-09 biennium, the Interim Finance Committee approved an Executive Branch proposal to cap the enrollment in the program for pregnant women at 200 women. Additionally, an enrollment cap of 100 enrollees was approved for the ESI portion of the waiver program.

The Executive Budget recommends terminating the HIFA waiver program and four vacant positions approved in the Nevada Check Up budget to administer the program, effective June 30, 2009. In approving the HIFA waiver in November 2006, CMS stipulated that the approval should not be at the expense of covering children's health care in the Nevada Check Up program. Since the Governor proposes capping enrollment in the Check Up program, and in light of the CMS stipulation, The Executive Budget recommends eliminating the HIFA waiver program. The division will be required to process a State Plan amendment and receive CMS approval to discontinue the waiver. As indicated previously, the proceeds received from property tax levies, which are currently transferred from the Indigent Supplemental Fund to support a portion of the HIFA waiver program costs, are recommended to be transferred to the Intergovernmental Transfer account to offset General Funds in the Medicaid program.

In an effort to ensure that women who are covered under the HIFA waiver at the time of its elimination are not left without health care coverage during the remainder of their pregnancies, The Executive Budget recommends a one-time General Fund appropriation totaling \$399,717 in FY 2009-10 to cover the medical costs of pregnant women enrolled in the program at the time of termination. The appropriation would allow women enrolled in the program to continue their enrollment through two months post partum.

## **HEALTH DIVISION**

The state Health Division administers four bureaus to protect the health of Nevadans and visitors of the state. The division operates under the guidance of the seven-member, Governor-appointed State Board of Health to enforce health laws and regulations, promote public health education, investigate the causes of disease, and provide direct public health services in Nevada's rural counties.

The Executive Budget recommends total funding for the division in the amount of \$341.3 million for the 2009-11 biennium, an increase of 7.8 percent when compared to the 2007-09 legislatively-approved total of \$316.7 million.

Included in the total funding is General Fund support for the division in the amount of \$57.8 million for the 2009-11 biennium, an increase of 17.2 percent compared to the 2007-09 General Fund total of \$49.3 million. The majority of this increase will be used to support non-profit partners in providing Early Intervention Services to children, particularly in southern Nevada.

Full-time-equivalent positions recommended in The Executive Budget for the division total 533.43 in both years of the upcoming biennium; this is a net decrease of 33.77 positions compared to the FY 2009 legislatively-approved total of 567.20. The loss of positions is mostly due to staffing efficiencies created by the bureau reorganization, as discussed below.

### **REORGANIZATION OF HEALTH DIVISION BUREAU STRUCTURE**

In an effort to respond to emerging issues in public health and to perform its work more efficiently, the division undertook a strategic planning process during FY 2008, out of which came a plan to modify the Health Division bureau structure. Previously, the division's organization consisted of six bureaus. The division has transitioned to four bureaus and a central administrative function. The new bureaus are listed below, with the various programs that are now housed in them.

- Child, Family and Community Wellness
  - Autism Screening
  - Minority Health
  - Community Health Programs (Chronic Disease, Communicable Disease, WIC, Maternal and Child Health, Immunization)
- Frontier and Rural Public Health Services
  - Community Health Nursing
  - Frontier and Rural Health
  - Environmental Health

- Health Care Quality and Compliance
  - Health Facility Inspection and Licensing
  - Radiological Health Inspection and Licensing
  - Medical Laboratory Inspection and Licensing
- Health Planning, Statistics and Emergency Response
  - Emergency Medical Services Licensing (rural and frontier)
  - Public Health Preparedness
  - Vital Statistics

Early Intervention Services will be a separate program under the aegis of the Health Administration function.

A total of 30 positions are recommended to transfer among the Health Division budget accounts to implement the reorganization plan. Further, the Governor has recommended 41.77 full-time equivalent (FTE) positions for elimination due to the reorganization, as listed by budget account below. The list does not include any positions recommended to be eliminated due to budget reductions.

<b>Budget Account</b>	<b>FTE</b>
Chronic Disease (formerly Communicable Disease Control)	(2.00)
Communicable Diseases (formerly STD Control)	(3.00)
Community Health Services	(5.00)
Consumer Health Protection	(3.00)
Health Administration	(13.00)
Maternal & Child Health	(10.51)
Public Health Preparedness	(1.00)
Radiological Health	(1.00)
WIC Food Supplement	(3.26)
<b>Grand Total for Division:</b>	<b>(41.77)</b>

### **HEALTH STATISTICS AND PLANNING (PREVIOUSLY VITAL STATISTICS)**

The Office of Vital Records serves as the official permanent custodian of original documents, which encompasses: filing, maintaining and protecting birth and death certificates and related vital records; providing legal corrections and amendments to vital records; and maintaining an official database of vital statistics information for use in a wide variety of private and public programs both statewide and nationally.

The Executive Budget recommends two budget reductions for this account. First, the Behavioral Risk Factor Survey contract with the University of Nevada is being reduced, for a General Fund savings of approximately \$176,000 in each fiscal year of the biennium. Second, the 2007 Legislature approved two new positions to staff and maintain a Health and Human Services data warehouse (one Biostatistician and one Information Systems Specialist) in this budget. The Governor recommends the elimination of these positions, at a General Fund savings of \$130,698 in FY 2010 and \$131,827 in FY 2011.

## **EARLY INTERVENTION SERVICES**

Early Intervention Services (EIS) works to identify infants and toddlers who have, or are at risk for, developmental delays. Early Intervention Services provides services to and support for families with children who have developmental delays and helps facilitate the children's learning and individualized development.

The Executive Budget recommends the addition of \$3.7 million for FY 2010 and \$6.7 million for FY 2011 in General Fund support to address caseload issues. Specifically, \$2.7 million is recommended over the upcoming biennium to add 250 more children to the service capacity of Early Intervention. Also, the Governor recommends \$7.7 million over the biennium to serve 669 children currently on the waiting list. The recommended funding would allow the division to contract with private and non-profit providers to provide more children intervention therapies (e.g., occupational therapists, physical therapists, audiologists, interpreters, mobility and hearing specialists) in a natural environment, such as the home or a day-care facility.

The Governor has also recommended the elimination of one vacant Health Program Manager II position in the northwest region (Reno), for a General Fund reduction of \$218,711 over the 2009-11 biennium.

## **IMMUNIZATION PROGRAM**

The purpose of the Immunization program is to prevent the occurrence of vaccine-preventable diseases in Nevada by promoting immunizations and providing vaccines to prevent the transmission of diseases. State-supplied vaccines are provided free of charge to all physicians, hospitals, and clinics that agree to meet the requirements of the program.

The Executive Budget recommends increasing transfers of federal Title XXI funds from the Nevada Check Up program from \$956,760 in FY 2008 to \$1.53 million for FY 2010 and \$1.57 million for FY 2011. The transfers of federal Title XXI funds provide for the purchase of vaccines for children who are enrolled in the Nevada Check Up program.

Most of the General Fund appropriation included in the Immunization budget is used as state match for the Title XXI funds. To correspond to the increased Title XXI funding, General Fund support for vaccine purchases is recommended to increase to \$813,796 in FY 2010 and \$838,385 in FY 2011. In comparison, \$528,828 in General Fund was spent on vaccines during FY 2008.

The 2007 Legislature approved funding to expand the Immunization Registry in order to improve immunization data submitted by medical providers and identify pockets of under-immunized children. This enhancement was funded equally by the federal Immunization grant and the General Fund. However, as a result of budget reductions, the Health Division reverted unspent General Funds from that program effort during FY 2009. The Executive Budget recommends continuing the funding for expansion of

the Immunization Registry during the 2009-11 biennium, at a cost of \$256,260 in FY 2010 and \$209,230 in FY 2011. One of the components of the total cost of resuming expansion of the Immunization Registry is reinstatement of one Program Officer I position, at an approximate cost of \$49,000 per year.

### **COMMUNICABLE DISEASES (FORMERLY SEXUALLY TRANSMITTED DISEASE CONTROL)**

The major objective of the Sexually Transmitted Disease (STD) program is to reduce the incidence and prevalence of sexually transmitted diseases in Nevada. The program emphasizes the importance of education and screening through a comprehensive program of case identification and locating, counseling, testing, treatment, referral and education. The program focuses on five principal elements: HIV prevention; HIV/AIDS surveillance and monitoring; HIV/AIDS comprehensive care services, which include drug treatment and community-based services; the tracking of other reportable sexually transmitted diseases; and planning and community organization for HIV prevention and care services.

The General Fund appropriation in this budget is primarily used for HIV/AIDS medications provided through the AIDS Drug Assistance Program (ADAP). The Governor recommends \$1.9 million in each fiscal year in HIV/AIDS medication funding. This is a 3.7 percent increase over FY 2008 expenditures of \$1.7 million. There is currently no waiting list for ADAP services.

### **HEALTH FACILITIES HOSPITAL LICENSING**

The mission of the Health Facilities Hospital Licensing budget is to protect the health and welfare of the public through licensure, regulation, enforcement and education of the state's various types of health facilities. The division also has an agreement with the Centers for Medicare and Medicaid Services (CMS) to inspect facilities that receive Medicare and/or Medicaid reimbursements, as well as laboratories that must conform to the Clinical Laboratory Improvement Amendments (CLIA).

The Governor has recommended several new positions to address facility inspection needs. Specifically, \$1.65 million is recommended over the biennium to fund the following new positions.

- 6 Health Facilities Surveyor II – Nurse
- 3 Health Facilities Surveyor II
- 2 Health Facilities Surveyor III
- 1 Administrative Assistant

These 12 new positions are recommended to decrease the time between facility inspections. Inspections are performed for initial licensure, re-licensure and to respond to individual complaints about a facility. However, for most facilities it is an average of 6 years between on-site inspections. The addition of these new positions is to bring the

inspection periodicity level to every 1.5 years, except where statute already mandates yearly inspections.

Furthermore, the Governor recommends the addition of one new Biostatistician II position, at a cost of \$115,201, and one new Management Analyst II position, at a cost of \$114,657, over the 2009-11 biennium. The 14 new positions recommended by the Governor are fee-funded, as there is no General Fund in this budget.

To create more of a focus on facility and provider education, the Governor recommends \$25,000 in each year of the biennium be transferred to the Health Facilities budget from the Health Facilities – Admin Penalty budget (not part of The Executive Budget). The division aims to use more penalties assessed for violations to educate all facilities in the state in areas such as infection control.

Finally, the Governor recommends transferring two Environmental Health Specialists (EHS) positions from the Consumer Health Protection budget to the Health Facilities budget so that these positions can be part of inspection teams, thereby broadening the scope of inspections and making each facility visit more cost effective.

### **MATERNAL AND CHILD HEALTH**

The Maternal and Child Health program works to improve the health of women of childbearing age, infants, children and adolescents, including children with special health care needs by promoting and providing health education, prevention activities, and access to health care services.

As part of meeting budget reduction targets, the Governor recommends a decrease of \$134,444 in General Fund over the 2009-11 biennium that would reduce aid to non-profit organizations providing prevention and education services to women and children.

### **OFFICE OF HEALTH ADMINISTRATION**

The Office of Health Administration provides support functions for the entire Health Division, including the State Board of Health. Programs include administration, central business management, accounting, and personnel. As part of the reorganization, 13 positions are recommended to be eliminated from this budget; however, 13 other positions are recommended to be transferred into this budget in order to centralize all accounting and fiscal staff, so there is no net change in the number of positions in this budget.

In addition, the division has transitioned from an assessment of indirect costs to a cost allocation plan. Previously, the Health Division had assessed indirect costs (at a federally-approved percentage) on filled positions supported by non-General Fund sources only. The division did not assess the indirect cost on General Fund supported salaries. In order to fully fund the Health Administration budget with a stable revenue

source, the division developed a cost allocation plan, which includes allocations from budgets with General Fund appropriations, based on each of the Health Division's budget's use of central administrative services. Cost allocation revenue is recommended at \$4.2 million in FY 2010 and \$4.1 million in FY 2011.

To address the shortage of indirect cost revenue in FY 2009, The Executive Budget recommends a supplemental appropriation of \$265,925. The division received a Contingency Fund allocation of \$335,522 at the September 9, 2008, Interim Finance Committee meeting to cover FY 2008 expenses for the same reason.

### **EMERGENCY MEDICAL SERVICES**

The Emergency Medical Services (EMS) program establishes and enforces standards for the provision of quality pre-hospital emergency medical care, the operation of ambulance services, certification of EMS personnel, licensure of attendants and the delivery of trauma care. The program also supports the emergency medical services system in all counties, except Clark County, by providing technical assistance, consultation and training to EMS managers and personnel. A registry of all persons certified in Nevada is maintained as part of the program activities. In addition, this program is responsible for implementation, monitoring and maintaining a database for out-of-hospital emergency care and a statewide EMS radio network. The EMS budget is funded by licensure fees and state General Funds.

Pursuant to an Executive Branch audit (Audit 08-03), the Governor recommends moving the Medical Marijuana program from the Department of Agriculture to the EMS program within Health Division. The Health Division began informally administering the Medical Marijuana program pursuant to an interlocal agreement during FY 2008, since a legislation change is required to move the program. The Governor recommends the transfer of \$50,688 in registration fees paid by patients over the 2009-11 biennium from the Department of Agriculture to EMS to administer the program. The Health Division has requested a bill draft moving the responsibility for the program into the Health Division.

### **DIVISION OF WELFARE AND SUPPORTIVE SERVICES**

The Division of Welfare and Supportive Services (DWSS) is responsible for administering the delivery of cash grants and food stamps, enforcing child support, administering employment and training programs for welfare recipients, distributing child care funding, and determining eligibility for Nevada's Medicaid program.

Overall funding for the division is recommended by the Governor at approximately \$551.1 million (\$160.3 million in General Fund) for the 2009-11 biennium, an increase of approximately 8.1 percent when compared to the total funding approved by the 2007 Legislature for the 2007-09 biennium. The General Fund portion is recommended to increase by \$15.1 million, an increase of approximately 10.4 percent. The Executive



Budget recommends General Fund support of \$75.6 million in FY 2009-10, representing an increase of \$2.2 million over the FY 2007-09 level. General Funds of \$84.7 million are recommended in FY 2010-11, representing an increase of \$9.0 million over FY 2009-10.

### **WELFARE ADMINISTRATION**

The Welfare Administration budget supports the administrative staff that provides oversight to various programs administered by the division and includes support resources utilized by and provided to the division field staff for the operation of the various programs under the division's jurisdiction.

The Executive Budget recommends the addition of two Quality Control Specialists to address increases in federally mandated quality control reviews resulting from projected increases in food stamp caseload. The Executive Budget also recommends one Hearing Officer to address increases in client-requested eligibility-based administrative hearings and agency-requested Intentional Program Violation Hearings.

To address the impact of caseload increases on administrative expenses related to the transfer of food stamp and Temporary Assistance for Needy Families (TANF) benefits to recipients electronically, The Executive Budget recommends overall funding of \$925,391 in FY 2009-10 and \$1.2 million in FY 2010-11, including General Funds of \$434,934 in FY 2009-10 and \$564,522 in FY 2010-11

Increases in federal funding of \$2.6 million and General Funds of \$818,526 are recommended in The Executive Budget to fund technology improvements, including nine technology support positions, to improve services to those citizens seeking service from the division and employee efficiency. The Executive Budget recommends General Funds of \$7.6 million in the Department of Administration, Information Technology Projects account to make up the balance of funding required to develop and implement the technology improvements.

The Executive Budget recommends the addition of 13 Information Technology Professional positions to convert positions on contract with the division through Master Services Agreements.

The Executive Budget recommends the elimination 12 positions, held vacant through the 2007-09 biennium, that support fiscal information services and program review functions.

### **TANF**

The Temporary Assistance for Needy Families (TANF) budget provides funding for cash assistance for eligible recipients, which is time limited; supports the employment and training programs and services administered by the division designed to help clients

prepare for and find work; and provides a wide variety of support services for families and individuals to support and maintain self sufficiency.

The Personal Responsibility Work Opportunity Act (PRWORA) of 1996 replaced the Aid to Families with Dependent Children (AFDC) program, an open-ended federal entitlement, with the Temporary Assistance for Needy Families (TANF) program. The federal funding to support the TANF program is now allocated to states in the form of a block grant that is capped and covers cash assistance, welfare employment and training, and the administrative costs associated with providing those services. The 1997 Legislature, with passage of A.B. 401 and S.B. 356, enacted legislation to conform state laws to the PRWORA requirements and authorized a number of welfare reform initiatives unique to Nevada.

The Executive Budget recommends total funding (state and federal) to support the TANF budget in the amount of \$55.9 million (\$28.9 million General Fund) in FY 2009-10 and \$57.0 million (\$32.1 million General Fund) in FY 2010-11. The amount of General Funds recommended for the 2009-11 biennium increases by \$11.8 million when compared to the amount of General Funds appropriated for the 2007-09 biennium.

The federal block grant that is allocated to Nevada is projected at approximately \$44 million in each year of the 2009-11 biennium. The TANF block grant is allocated among the Welfare Division's TANF, Welfare Administration and Welfare Field Services budgets. The TANF block grant funds are also allocated to other divisions within the Department of Health and Human Services to support TANF-eligible programs. The Executive Budget recommends the receipt of the annual supplemental grant of \$3.7 million each year for Nevada's high population growth. The supplemental grant was anticipated to be phased out beginning October 1, 2008, pursuant to the Deficit Reduction Act; however, the grant was reauthorized by Congress for one year beyond its planned termination.

The PRWORA legislation requires states to continue contributing state funds equal to 80 percent of the amount spent in federal fiscal year 1994 on welfare programs consolidated into TANF. The maintenance of effort (MOE) provisions require Nevada to continue to spend a minimum of approximately \$27.2 million in state funds each fiscal year on welfare-related programs. The 80 percent of MOE can be reduced to 75 percent if work participation rates are met.

The division ended the 2005-07 biennium with a balance of unspent TANF funding totaling \$25.8 million. The division projects the balance of unspent TANF funding to decrease to \$15.1 million by the end of the 2007-09 biennium. TANF-related expenditures recommended in The Executive Budget for cash assistance, eligibility and administration exceed available resources each year, which will deplete the reserve of unspent TANF funds by the end of the 2009-11 biennium. To continue the payment of cash assistance to eligible recipients, The Executive Budget recommends General Funds of \$4.4 million in FY 2009-10 and \$7.5 million in FY 2010-11.

TANF Caseloads – As shown in the table below, The Executive Budget projects a total of 28,424 average monthly recipients in FY 2009-10, for an increase of 7,902 recipients compared to FY 2007-08. A total of 29,287 average monthly recipients is projected in FY 2010-11, resulting in an increase of 863 recipients over FY 2009-10.

<b>Fiscal Year</b>	<b>FY 08 Actual</b>	<b>FY 09 Budgeted</b>	<b>% change</b>	<b>FY 10 Gov. Rec.</b>	<b>% change</b>	<b>FY 11 Gov. Rec.</b>	<b>% change</b>
<b>Caseload</b>	20,522	13,919	-32.2%	28,424	104.2%	29,287	3.0%

Cash Grants – The Executive Budget recommends retaining cash assistance grants at their existing levels for the 2009-11 biennium. The monthly cash assistance grant for a three-person household is currently \$383 for a TANF recipient without a public housing allowance, \$306 for a TANF recipient with a public housing allowance, and \$535 for non-needy caretakers. The cash assistance grants for recipients in the Kinship Care program are \$534 for a single child age 12 and under and \$616 for a child over the age of 12.

### **ASSISTANCE TO AGED AND BLIND**

Assistance to the Aged and Blind is an option to the Supplemental Security Income (SSI) program established by Public Law 92-603. The federal SSI program replaced the state-run assistance programs for the aged, blind and disabled and established uniform payment amounts. The Social Security Administration (SSA) administers the program. Nevada has paid a state supplement to the aged and blind who live at home or in an adult group care facility since January 1, 1974. Nevada has never elected the option to supplement payments to the disabled. The purpose of the program is to provide supplemental income to low-income aged and blind individuals and provide adult group care facilities with supplements that enable individuals to avoid or defray institutionalization.

The Executive Budget recommends increases in General Funds of \$455,749 in FY 2009-10 and \$699,038 in FY 2010-11 to fund additional costs associated with projected caseloads. The Executive Budget does not recommend a state-funded increase in the amount of the supplement paid to eligible aged and blind individuals or a rate increase for group care operators.

### **WELFARE FIELD SERVICES**

The Field Services budget provides for the salaries, operating expenses, and support costs for staff that determine eligibility for the TANF, Food Stamp and Medicaid programs, as well as the staff that supports the employment and training programs administered by the division.

To provide eligibility services for projected increases in TANF, Food Stamp and Medicaid caseloads, The Executive Budget recommends the addition of 478 positions, primarily consisting of Family Services Specialists and Administrative Assistants. In addition to the anticipated effect on eligibility services, The Executive Budget

recommends 10 positions to address increases in telephone call volume received in the customer services unit and 3 positions to meet federally mandated quality control requirements for increased public assistance caseloads.

The Executive Budget recommends the closure of the Yerington, Winnemucca and Hawthorne field offices, including 9 positions that staff these offices. The Executive Budget also recommends the closure of the division's facility located at the West Owens Avenue office in Las Vegas and the transfer of positions at this office to other offices in Las Vegas.

The Executive Budget recommends the elimination of 105.5 positions that were largely vacant during the 2007-09 biennium.

### **CHILD SUPPORT ENFORCEMENT**

The Child Support Enforcement program provides five basic services: location of absent parents, establishment of parentage, establishment of child support orders, collection of support payments, and enforcement of private medical insurance. In Nevada, the Child Support Enforcement program is administered by the Division of Welfare and Supportive Services and jointly operated by the division and county district attorneys. The Child Support Enforcement budget is funded with a portion of the child support collections the state is allowed to retain, which are used to match Title IV-D funds. The state's share of collections supports all non-federal expenditures, and there are no state General Funds in the Child Support Enforcement budget.

The Executive Budget recommends increases in funding through a combination of federal funds and the state's share of collections to undertake a software application assessment to upgrade or replace the Nevada Operations of Multi-Automated Data Systems (NOMADS) to better meet the business and statutory needs of the Child Support Enforcement program. The replacement of NOMADS was a recommendation made by MAXIMUS in its audit of the program, which was completed in December 2006.

### **CHILD ASSISTANCE AND DEVELOPMENT**

The Child Assistance and Development budget provides for all child care related expenditures for TANF recipients, former TANF recipients, non-TANF-eligible clients who are at risk of losing employment due to a lack of assistance with child care, and low-income non-TANF-eligible clients.

The Executive Budget recommends approximately \$49.9 million in child care funding in each year of the 2009-11 biennium. These levels include General Funds of approximately \$8.5 million in each fiscal year. The General Funds included in the Child Assistance and Development budget are used for maintenance of effort to receive federal mandatory and federal discretionary funds, as well as match funds to receive

federal matching funds for child care. The Executive Budget recommends decreases in General Funds of \$1.2 million from amounts approved for the 2007-09 biennium.

The Executive Budget recommends an increase in the allocation of federal child care funding to transfer child care services provided by the University of Nevada Las Vegas to the division. The recommendation includes the addition of 75 positions to enable the division to provide services directly.

### **ENERGY ASSISTANCE**

The Energy Assistance program provides payments for eligible households, which can be applied to either the heating provider, the cooling provider or split between the two. Funding is provided through a combination of Low Income Energy Assistance block grant funds and Universal Energy Charges established by the 2001 Legislature and collected from certain electric and gas utilities.

The Executive Budget recommends decreases in funding represented by Universal Energy Charges and Low Income Energy Assistance block grant funds of approximately \$2.7 million in FY 2009-10 and \$4.4 million in FY 2009-11, primarily in assistance payments, to enable the division to remain within existing funding levels.

### **DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES**

The Division of Mental Health and Developmental Services (MHDS) is responsible for the development, administration, coordination and evaluation of state treatment and training programs for mentally ill and mentally retarded citizens, as well as substance abuse education, prevention and treatment programs.

The Governor recommends a total budget for MHDS in the 2009-11 biennium of \$694.5 million, a 3.7 percent decrease from the 2007-09 legislatively-approved total of \$721.2 million. Recommended General Fund appropriations in the 2009-11 biennium total \$473.1 million, a decrease of 5.1 percent when compared to the 2007-09 legislatively-approved appropriations of \$498.3 million. No supplemental or one-shot appropriations are recommended.

The Governor recommends decreasing the total number of positions from 1,918.6 to 1,693.26, a decrease of 225.34 existing positions, or 11.7 percent. As no new positions are recommended, the decrease noted is the result of recommended budget reductions discussed in the following sections. Funding in The Executive Budget also supports medication costs in the amount of \$23.1 million for FY 2009-10 and \$24.3 million for FY 2010-11, a decrease from FY 2008-09 legislatively-approved levels of \$35.5 million. The funding reductions are achieved by diverting more Medicaid and Medicare-eligible clients from state pharmacies to retail pharmacies, increased usage of free medications, and better management of inventory costs and formulary utilization.

## **SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES**

Southern Nevada Adult Mental Health Services (SNAMHS) operates out of four sites in Clark County to provide psychiatric and psychological services to the seriously and chronic mentally ill; the main campus is located on West Charleston Boulevard. The agency is funded to staff a total of 238 inpatient beds: 160 acute inpatient hospital beds and a 30-bed psychiatric observation unit (POU) located in the Rawson-Neal Hospital that opened in FY 2006-07, 22 beds in the old hospital, and 26 low-acuity beds located in the hospital annex building (3A).

The Executive Budget recommends General Fund reductions totaling \$30.7 million, primarily driven by increased non-state revenues, reduced salaries and fringe benefits, and elimination of 136.41 positions as follows:

- 96.81 positions in the Rawson-Neal Hospital, based upon increasing the client-to-staff ratios for various clinical positions.
- 4.0 positions serving 48 additional clients in the Program for Assertive Community Treatment (PACT), along with a 0.51 Mental Health Counselor supporting 85 clients in the community placement program as approved by the 2007 Legislature for caseload increases.
- 17.54 positions resulting from the February 2008 closure of the North Las Vegas outpatient clinic that was not reopened due to ongoing budget reductions and difficulty in finding a new location.
- 7.55 positions, including 3.51 facility and administrative support positions, for the 22 inpatient beds (reduced from 26 beds in February 2008) in the old hospital annex, and 4.04 vacant Senior Psychiatrist positions, with a portion of the savings to fund contract psychiatrist services.
- 10 Mental Health Technician positions, with the savings to be utilized to increase inpatient hospital staffing flexibility by using contract technicians.

## **NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES**

Northern Nevada Adult Mental Health Services (NNAMHS) provides psychiatric and psychological services to the seriously and chronic mentally ill population in northern Nevada. The NNAMHS is staffed for 40 inpatient beds, plus 10 emergency beds in the psychiatric emergency services (PES) unit in the Dini-Townsend Hospital. The Executive Budget recommends General Fund reductions totaling \$11.2 million, primarily driven by increased non-state revenues, reduced salaries and fringe benefits, and elimination of 37.15 positions as follows:

- 23.04 positions supporting various services, including medication clinics, outpatient services, service coordination and the Program for Assertive Community Treatment (PACT).
- 13.11 positions in the Dini-Townsend Hospital, based upon increasing the client-to-staff ratios for various clinical positions.

- The Medical Director position for northern Nevada from the Administration budget, with the duties to be absorbed by the Statewide Medical Director.

### **FAMILY PRESERVATION PROGRAM**

The Family Preservation Program (FPP) provides assistance to low-income families caring for individuals with developmental disabilities in their homes. The Executive Budget recommends increased General Fund appropriations of \$153,714 to phase in an additional 33 families statewide who provide care to family members with severe mental retardation in the FPP, with monthly assistance payments of \$374.

### **DIVISION ADMINISTRATION**

The Division of Mental Health and Developmental Services Administration is responsible for overseeing the state's mental health, developmental services, and substance abuse policies and regulations; coordinating program development and operations statewide; establishing service and funding priorities; and maintaining fiscal responsibility. The Executive Budget recommends continued funding for the psychiatric residency program of \$155,860 per year in northern Nevada and \$250,574 per year in southern Nevada. While the Governor continues General Fund support of \$100,000 each year for the Suicide Prevention Hotline, the funding is recommended to be transferred to the Health and Human Services Director's Office of Suicide Prevention.

The Governor also recommends eliminating a total of 5.0 positions. A Quality Assurance position funded by the Center for Mental Health Services block grant is eliminated, with the savings used to fund a Management Analyst position currently supported by General Fund. Three Health Program Specialists and an Administrative Assistant are eliminated, as the funding from the federal Health Resources and Services Administration grant transferred from the Health Division is anticipated to be reduced in the 2009-11 biennium. Lastly, the Governor recommends transferring eight accounting positions responsible for billing Medicaid, Medicare and third-party insurers from Southern Nevada Adult Mental Health Services (four positions), Northern Nevada Adult Mental Health Services (two positions), and Rural Clinics (two positions), in order to establish a central billing unit within the division's Central Office. The recommendation is expected to enhance the division's ability to more accurately bill for services, which is projected to generate an additional \$5.1 million in revenues over the biennium to offset General Fund support in the mental health agencies.

### **SUBSTANCE ABUSE PREVENTION AND TREATMENT**

The Substance Abuse Prevention and Treatment Agency (SAPTA) is the designated single state agency for purposes of applying for and expanding the federal Substance Abuse Prevention and Treatment (SAPT) block grant, issued through the Substance Abuse and Mental Health Services Administration. The bureau plans and coordinates statewide substance abuse services delivery and provides technical assistance to programs and other state agencies, but does not provide direct substance abuse

prevention or treatment services. The 2007 Legislature approved an increase in General Fund support totaling \$14.1 million for SAPTA to replace federal State Incentive Grant (SIG) funds, which were scheduled to expire in September 2007 (\$5.3 million); to treat an additional 1,417 individuals in community substance abuse treatment programs (\$3.8 million); to initiate the Co-occurring Substance Abuse and Mental Illness pilot program for 90 individuals (\$3 million); and to establish and administer methamphetamine education programs (\$2 million).

The Executive Budget recommends General Fund reductions totaling \$2.8 million by reducing state grant funding to providers and coalitions for prevention programs (\$1 million), substance abuse treatment (\$775,624), the Co-occurring Disorders program (\$854,616), and methamphetamine education (\$200,000). A total of 2.49 positions are recommended for elimination in SAPTA, including a Health Program Specialist position that was approved by the 2007 Legislature in support of the Co-occurring Disorders pilot program, as well as a 0.49 Administrative Assistant and an additional Health Program Specialist position, in order to meet targeted budget reductions. The recommended budget reductions do not appear to jeopardize the state's continuing maintenance of effort (MOE) requirements associated with the federal Substance Abuse Prevention and Treatment (SAPT) grant.

#### **DEVELOPMENTAL SERVICES**

The Division of Mental Health and Developmental Services provides an array of services to people with developmental disabilities and related conditions through three regional centers: Sierra Regional Center (SRC) in the Reno-Sparks area; Desert Regional Center (DRC) in the greater Las Vegas area; and the Rural Regional Center for the remainder of the state.

The Governor recommends funding for developmental services (including the Family Preservation program) during the 2009-11 biennium of \$305.1 million, a 10.3 percent increase over the 2007-09 legislatively-approved total of \$276.6 million. The Governor recommends General Fund support of \$165.2 million for the 2009-11 biennium, a decrease of \$14.5 million, or 8.1 percent, when compared to the General Fund support approved for the 2007-09 biennium. The Executive Budget recommends an additional 284 residential supports and 246 jobs and day training (JDT) placements statewide supported with General Fund appropriations totaling \$9.1 million; no new positions are recommended.

While The Executive Budget recommends moderate caseload increases, the Governor recommends a series of budget reductions which reduce General Fund appropriations by \$13.4 million in the 2009-11 biennium and include:

- Eliminate a total of 12.01 developmental services positions, including:
  - 1.51 custodial positions and an Administrative Assistant due to the decrease in individuals residing and support staff working on the SRC campus and in order to meet requested budget reductions.



- A total of 9.0 positions supporting the Crisis Prevention and Intervention Teams approved by the 2007 Legislature: 6 Developmental Support Technicians at SRC and 2 Developmental Specialists and 1 Mental Health Counselor at DRC.
- A vacant 0.50 Speech Pathologist position at DRC, with position savings utilized to fund contract speech and physical therapy services, along with the cost difference in reclassifying a Physical Therapist to a Dietician position.
- Reduce appropriations by \$263,515 to eliminate a contract with the University of Nevada, Reno – Center for Excellence in Developmental Disabilities for producing quality improvement data, and to reduce funding for a contract with the Council on Quality and Leadership (CQL) for training and consulting services supporting accreditation activities.
- General Fund reductions of \$1.9 million by eliminating 49 families participating in the self-directed fiscal intermediary program (17 families each at SRC and RRC and 15 families at DRC), along with reductions in monthly allocations to the families remaining in the program.
- Reduce General Funds by \$2.8 million resulting from a reduction of 152 JDT placements at DRC, along with a reduction of 33 JDT placements at RRC, as well as a reduction in contract hours and services.
- General Fund reductions of \$2.0 million resulting from a reduction in contract hours and services for supported living arrangements in all three regions.
- General Fund reductions of \$361,200 by eliminating Self-Directed Autism program support allocations to 8 families at RRC and 6 families at SRC.
- Reduce General Fund appropriations by \$482,300 for reductions in purchase of service agreements used by families with developmentally disabled individuals to purchase supplies and services (respite) in all three regions.
- Reduce General Fund appropriations by \$1.5 million by eliminating the conversion of 12 intermediate-care facility/small beds (ICF/Small) to community supported living arrangements at DRC, which represents one-half of the number of beds approved for conversion by the 2007 Legislature.

### **LAKE'S CROSSING CENTER**

The Lake's Crossing Center is located in Washoe County and is Nevada's only program for mentally disordered offenders. The agency provides services to individuals who have been evaluated as not guilty by reason of insanity, incompetent to stand trial, or who require mental health services in a secure setting. The agency operates with a maximum capacity of 76 beds and provides its services statewide.

The Governor recommends reducing the capacity from 76 beds to 70 beds and eliminating six positions, including a Psychologist, four Forensic Specialists and an Information Technology Technician, which reduces General Fund costs by \$827,621 in the 2009-11 biennium. The Governor also recommends \$24,000 to seek accreditation with the Joint Commission on Hospital Accreditation.

## **RURAL CLINICS**

The Rural Clinics program provides mental health services to all age groups through 21 community clinics in Nevada's 15 rural counties. The Governor recommends closing 11 of the agency's smaller clinics, 2 of which were already closed in September 2008 to achieve 2007-09 budget reductions. The recommended closure eliminates 12.02 positions and an additional 4 administrative/management positions associated with the downsizing and reorganization of the agency's services. The Executive Budget recommends the elimination of another 7.26 positions that were held vacant during the 2007-09 biennium, as well as 2 Mental Health Counselors, with savings to fund contract counseling services. As a result, General Fund appropriations are reduced by \$2.8 million over the 2009-11 biennium.

## **CAPITAL IMPROVEMENT PROJECTS**

A total of \$940,443 in state funds is recommended to reduce the lawn areas at Desert Regional Center (\$435,607) and to install a panic alarm system at the Dini-Townsend Hospital (\$504,836). No planning or construction projects are recommended.

## **DIVISION OF CHILD AND FAMILY SERVICES**

The Division of Child and Family Services (DCFS) provides a wide array of services to children and adolescents and is organized into three major program areas: Child Welfare Services, Children's Mental/Behavioral Health Services, and Juvenile Justice Services. The Executive Budget recommends total funds of \$455.8 million for the 2009-11 biennium, an increase of \$8.2 million, or 1.8 percent, when compared to the total funding approved by the 2007 Legislature for the 2007-09 biennium. The General Fund portion of the budget for DCFS is recommended to increase by \$23.3 million over the 2009-11 biennium, an increase of 10.0 percent when compared to the approved amounts for the 2007-09 biennium.

### **CHILD WELFARE INTEGRATION**

Clark County Integration – This budget was established during the 2001-03 biennium to segregate costs related to the integration of child welfare services and was renamed Clark County Integration in the 2005 Legislative Session. The budget funds the continuation of child welfare integration for Clark County. The recommended General Fund portion of the budget in FY 2009-10 is \$42.8 million, an increase of 10 percent compared to FY 2008-09. In FY 2010-11, recommended General Funds total \$48.1 million, a 12.4 percent increase over FY 2009-10.

The Executive Budget recommends an additional \$7.5 million in FY 2009-10 and \$11.5 million in FY 2010-11 in General Funds and federal funds for projected caseload growth in foster care placement and adoption subsidies in Clark County. General Funds are recommended in the amounts of \$3.8 million in FY 2009-10 and \$3.9 million in

FY 2010-11 to offset the projected reduction in federal Title IV-E reimbursements due to changes resulting from the Deficit Reduction Act of 2005. A supplemental General Fund appropriation is also recommended in the amount of \$2.0 million in FY 2008-09 to offset the same federal reimbursement reductions experienced in the 2007-09 biennium. The Governor recommends ten new positions for Clark County in FY 2010-11 to maintain the foster care caseload staff-to-client ratio at 1:22, as was established in the 2005-07 biennium. Also, three new positions are recommended to support the paperwork requirements for claiming federal Social Security Insurance (SSI) for children in the county's custody. The three additional positions are projected to enable the state to collect approximately \$2.2 million in additional federal funding per year and reduce General Fund appropriations by \$2.0 million per year.

The Governor recommends the transfer of mental health residential treatment placements from the state's direct management to Clark and Washoe Counties. The transfer would reallocate General Funds totaling \$4.7 million in FY 2009-10 and \$5.1 million in FY 2010-11 from the Rural Child Welfare budget to the Clark County Integration budget, but would also generate a General Fund savings of \$951,818 over the biennium due to the county's higher federal reimbursement rate. The Governor also recommends a reduction in General Fund appropriations of \$1.5 million in FY 2009-10 and \$533,064 in FY 2010-11, based upon an eight percent increase in the federal medical assistance percentage (FMAP) that is anticipated to be included in an federal economic stimulus package for federal fiscal year 2010.

Washoe County Integration – This account was created in 2005 as part of the division's budget realignment process to isolate the costs of child welfare integration for Washoe County into a separate budget account. Total General Fund support is recommended at \$14.7 million in FY 2009-10, a 1.5 percent increase over FY 2008-09, and \$16.2 million in FY 2010-11, an additional 10.1 percent increase over FY 2009-10. General Funds and federal funding are recommended in the amounts of \$1.6 million in FY 2009-10 and \$2.4 million in FY 2010-11 to fund projected caseload increases in foster care placements and adoption subsidies. The Governor recommends two new positions for Washoe County to support the increasing number of adoptions finalized annually in the county. General Fund appropriations totaling \$1.5 million in FY 2009-10 and \$1.6 million in FY 2010-11 are recommended to transfer from the Rural Child Welfare budget to the Washoe County Integration budget in support of the transfer of mental health residential treatment placements from state management to the county management. General Fund savings of \$374,542 over the biennium are projected to be realized by this transfer. The Governor also recommends reductions in General Fund appropriations of \$741,759 in FY 2009-10 and \$74,687 in FY 2010-11 related to the anticipated FMAP increase. A supplemental General Fund appropriation in the amount of \$873,044 is recommended for Washoe County, related to the reduced federal reimbursement of child welfare expenditures.

## **UNITY/SACWIS**

The UNITY/SACWIS budget represents the division's compliance with a federal mandate to automate foster care and adoption information systems. The Statewide Adoption and Child Welfare Information System (SACWIS) project, now referred to as Unified Nevada Information Technology for Youth (UNITY) began in FY 1994-95 with business process re-engineering (BPR) and became fully operational statewide in September 2003.

The recommended General Fund portion of the budget in FY 2009-10 is \$2.9 million, a decrease of 13.2 percent compared to FY 2008-09. In FY 2010-11, the recommended General Fund totals \$2.87 million, a 1.2 percent decrease from FY 2009-10. The Governor recommends the elimination of four Information Technology positions that were held vacant during the 2007-09 biennium to meet the division's budget reduction requirements. The proposed eliminations would reduce the position count in this program to 42 full-time equivalent positions.

## **CHILD AND FAMILY SERVICES ADMINISTRATION**

This account is the central administrative account of the division and contains the unclassified Administrator, the division's four unclassified Deputy Administrators, and central fiscal, accounting, and personnel staff. There are no major organizational changes recommended by the Governor in the division's budgets for the 2009-11 biennium; no budget accounts are recommended to be added, consolidated, or eliminated. Funding from the federal State Infrastructure Grant (SIG) is recommended to be eliminated, and four positions are eliminated in FY 2010-11 due to the expiration of the grant in FY 2009-10.

General Fund support is recommended to increase by 60.7 percent in FY 2009-10 over the FY 2008-09 approved amount. An additional increase of 4.2 percent is recommended in FY 2010-11. The largest portion of the increase, \$2.6 million in FY 2009-10 and \$2.8 million in FY 2010-11 over FY 2008-09, is related to changes in state Medicaid policy that reduce the amount of federal reimbursement for mental health residential treatment care. The Governor recommends funding these services instead with increased General Funds and other federal funding where applicable. Increased General Funds of \$1.1 million in FY 2009-10 and \$1.2 million in FY 2010-11 are also recommended for caseload growth in mental health residential treatment care and for other changes resulting from federal regulations that have caused federal Title IV-E reimbursement for child welfare expenses to decrease. A supplemental General Fund appropriation in the amount of \$2.4 million is recommended to offset revenue shortfalls related to the federal reimbursement policy that impacted the division in the 2007-09 biennium. The Governor also recommends the elimination of four administrative positions to generate cost savings of \$222,665 in FY 2009-10 and \$224,605 in FY 2010-11 for the division.

## **YOUTH ALTERNATIVE PLACEMENT**

This budget primarily contains funding payments to the China Spring Youth Camp and Aurora Pines Girls Facility in Douglas County and the Spring Mountain Youth Camp in Clark County. County participation fee revenue collection authority is also contained in this account and represents fees assessed to and collected from all counties, except Clark, for the operation of the China Spring Youth Camp and Aurora Pines Girls Facility. The Governor recommends funding of approximately \$3.7 million each year of the 2009-11 biennium, the same amount as the FY 2008-09 work program year (\$1.7 million in General Fund and \$2.0 million in county participation fees).

## **JUVENILE CORRECTIONAL FACILITY**

This budget account funds the operation of the Summit View Youth Correctional Center, a secure male juvenile correctional facility for serious and chronic offenders located near Nellis Air Force Base. The 96-bed facility originally opened on June 1, 2000. The private contractor who was retained to operate the facility chose to cease operating the facility in March 2002. The facility was essentially “mothballed” from March 2002 until January 2004, when the state resumed operation of the facility with state employees. General Fund support of \$5.8 million is recommended in FY 2009-10 and represents a 24 percent decrease from the amount approved for FY 2008-09. In FY 2010-11, the recommended \$5.8 million is less than a 1 percent increase over FY 2009-10.

One residential building at the facility (two housing units) is recommended to be closed in the 2009-11 biennium, which would eliminate half of the bed capacity at the facility (48 out of 96 available beds). The recommended closure would include the elimination of 24 positions and produce annual General Fund savings of approximately \$1.6 million, as well as reductions in transfers of funding from the Department of Education.

## **CHILD CARE SERVICES**

The Child Care Services Bureau is responsible for licensing and monitoring child care facilities caring for five or more children not licensed by local entities. Facilities include child care centers, pre-schools, group care homes, institutions and outdoor youth programs. The bureau is also responsible for licensing, monitoring and providing technical assistance to family foster and group foster care homes to reduce the risk of harm to children placed in care.

The Executive Budget recommends the addition of four new Child Care Development Surveyor positions to support the return of the responsibility for licensing child care facilities to the state from the city of Las Vegas. *Nevada Revised Statutes* 423A allows cities or counties to assume the responsibility for licensing of child care facilities within their jurisdictions, but also allows those entities to return that responsibility to the state, with 12 months' notification of their intent to do so. The city of Las Vegas notified the division of its intent to return the responsibility to the state in May 2008, so the state will resume the responsibility for licensing in May 2009.

## **CALIENTE YOUTH CENTER**

The Caliente Youth Center is a co-educational juvenile residential correctional facility that serves youth between the ages of 12 and 18 and has a capacity of 140 youth. General Fund support in FY 2009-10 totals \$7.6 million, a decrease of five percent from FY 2008-09. In FY 2010-11, the recommended General Fund support totals \$7.6 million also. The Executive Budget recommends the closure of one residential unit (20 beds) at the facility and the elimination of nine positions, in order to produce General Fund savings of approximately \$300,000 in each year of the biennium. One vacant Licensed Psychologist position is also recommended to be eliminated, with a corresponding increase in funding used for contract psychologist services, due to the difficulty the division has historically had with filling the position.

## **RURAL CHILD WELFARE**

Historically, this budget has contained funding for the placement costs of children in the division's care because of abuse, neglect or behavioral/emotional problems. Adoption subsidies for the rural region are also paid from this account to adoptive parents of special needs children. The recommended budget reflects foster care placement costs and subsidized adoption costs for the Rural Region. The General Fund appropriation for FY 2009-10 of \$8.1 million represents a 15.2 percent increase over General Fund support approved for FY 2008-09. For FY 2010-11, the recommended General Fund amount of \$8.6 million represents a 6.9 percent increase when compared to the FY 2009-10 amount.

General Funds and federal funding are recommended in The Executive Budget in the amounts of \$6.4 million in FY 2009-10 and \$6.8 million in FY 2010-11 to fund a "specialized foster care rate" for providers of mental health residential treatment services. Mental health treatment services were previously funded through Medicaid, with DCFS paying only a daily room and board rate through this budget. The Centers for Medicare and Medicaid Services (CMS) published a rule change that eliminated the reimbursement for several mental health treatment services in FY 2008-09, and the Governor recommends funding these services instead with General Funds and Title IV-E funding. Caseload growth in mental health treatment care placements is also projected at seven percent per year in the 2009-11 biennium, resulting in additional General Funds recommended of \$576,865 in FY 2009-10 and \$796,321 in FY 2010-11.

General Funds totaling \$573,273 in FY 2009-10 and \$590,536 in FY 2010-11 are recommended to offset reductions in federal Title IV-E reimbursement that result from changes related to the Deficit Reduction Act of 2005. General Funds for growth in foster care placements and adoption subsidies are recommended at \$514,877 in FY 2009-10 and \$731,193 in FY 2010-11. General Fund appropriations are recommended to be reduced by \$142,886 in FY 2009-10 and \$41,383 in FY 2010-11 related to an anticipated FMAP increase of eight percent contained in the federal economic stimulus package for federal fiscal year 2010. The transfer of mental health treatment placements in Clark and Washoe Counties from state management to county

management is recommended, with corresponding transfers of funding for these placements totaling \$8.9 million in FY 2009-10 and \$9.5 million in FY 2010-11. Additional details about the amounts of transfers to each county can be found under the Child Welfare Integration section (above).

Similar to the Clark County Integration budget, three new administrative positions are recommended to process paperwork requirements to claim federal Social Security Insurance (SSI) for children in the state's custody. The revenue from the new claiming activities is projected to be sufficient to fund the three new positions, as well as seven additional Family Support Worker positions that will provide in-home assistance and education to families. The Governor also recommends the closure of the division's Hawthorne office in order to generate budgetary savings. A supplemental General Fund appropriation in the amount of \$7.3 million is recommended to offset reductions in federal reimbursement for child welfare and children's mental health expenses experienced in the 2007-09 biennium and to resolve a budgeting error in the agency's budget development prior to the 2007 Legislative Session.

### **CHILD DEATHS REVIEW**

This budget account was created as a result of the passage of A.B. 381 of the 2003 Legislative Session. The budget is funded with a \$1 increase (from \$8 to \$9) for a certified copy of a certificate of death. The legislation revised provisions governing multi-disciplinary teams, which review selected cases of death of children under 18 years of age and make recommendations for improvements to policies, practices and laws that support the safety of children and prevent future deaths of children. The Governor recommends collecting \$133,599 in FY 2009-10 and \$137,604 in FY 2010-11 and expending \$152,375 in FY 2009-10 and \$147,375 in FY 2010-11 for multi-disciplinary team and executive committee activities.

### **NEVADA YOUTH TRAINING CENTER**

The Nevada Youth Training Center at Elko is a 24-hour residential treatment facility for male youth between 12 and 18 years of age. At capacity, the center can accommodate 160 youth and provides educational and remedial programs, counseling services, rehabilitative training and recreational activities. The center operates an accredited junior/senior high school. General Fund support in FY 2009-10 totals \$8.6 million, a 17 percent decrease from FY 2008-09; in FY 2010-11, the recommended amount totals \$8.6 million.

The Executive Budget recommends the closure of one residential unit (20 beds) at the facility and the elimination of 5 positions, in order to produce General Fund savings of approximately \$300,000 each year. A vacant Administrative Assistant position is also recommended to be eliminated. The Governor recommends transferring the responsibility for operation of the facility's high school to the Elko County School District, to be funded with Distributive School Account (DSA) funding. The recommended transfer would result in the elimination of 18 positions from the division's budget and

would produce a reduction in General Fund expenses of \$922,028 in FY 2009-10 and \$930,532 in FY 2010-11, partially offset with General Fund increases in the DSA.

### **YOUTH PAROLE SERVICES**

Youth Parole Services provides supervision, counseling, residential and aftercare services to youth (male and female) released from the state youth institutions, the China Spring Youth Camp (state commitments), youth committed to out-of-state programs, and delinquent youth who require inpatient mental health treatment. Offices are maintained in Las Vegas, Reno, Fallon and Elko. The recommended General Fund in FY 2009-10 of \$6.4 million is a 14.1 percent increase over the amount approved for FY 2008-09. In FY 2010-11, the recommended amount is also \$6.4 million.

The Executive Budget recommends one new position to support the division in complying with federal reporting requirements for all youth under the agency's supervision. The division indicates that federal reporting requirements were expanded in 2007, and that compliance with the requirements is necessary in order for the state to pursue federal reimbursement for expenses related to these youth, which it has previously not received. Also recommended are additional General Funds in the amount of \$857,703 in each year of the biennium to offset reductions in federal Medicaid reimbursements for mental health treatment care for youth in the division's custody. A supplemental General Fund appropriation of \$470,463 is recommended to offset reductions in Medicaid reimbursements that occurred in the 2007-09 biennium.

### **WRAPAROUND IN NEVADA**

The Wraparound in Nevada (WIN) program was approved by the Legislature during the 17<sup>th</sup> Special Session (2001) as part of A.B. 1 and was designed to serve an estimated 327 children in the foster care system with Severe Emotional Disturbance (SED). Children and youth are provided with intensive clinical case management in efforts to achieve permanent homes. The Governor recommends \$4.5 million (\$2.6 million in General Funds) in FY 2009-10 and \$4.5 million (\$2.8 million in General Funds) in FY 2010-11 to support the WIN program for the upcoming biennium. The recommended funding level, compared with \$5.5 million approved in FY 2008-09, reflects reductions to salary and benefits for the agency's staff, as well as reductions in funding for contract placement prevention services.

### **NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES**

This budget provides a continuum of mental health services to emotionally disturbed children, adolescents and their families. General Fund support decreases 14.5 percent, from \$3.5 million in FY 2008-09 to \$3.0 million in FY 2009-10. In FY 2010-11, the recommended amount is \$3.2 million.

The Executive Budget recommends the elimination of two half-time positions that were approved by the 2007 Legislature to provide a therapeutic day treatment classroom for children. The program was not implemented in the 2007-09 biennium due to budget



reductions. The Governor also recommends reducing General Funds by \$249,129 in FY 2009-10 and \$75,696 in FY 2010-11 in anticipation of the federal government implementing an economic stimulus package that involves a temporary increase of the federal medical assistance percentage (FMAP).

### **SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES**

This budget provides a comprehensive continuum of behavioral health care services for emotionally disturbed children and adolescents from birth through 18 years of age. General Fund support is recommended to decrease from \$10.9 million in FY 2008-09 to \$9.7 million in FY 2009-10, an approximate 11.1 percent reduction. For FY 2010-11, \$10.4 million is recommended, an 8.1 percent increase over FY 2009-10.

The Executive Budget recommends the elimination of five positions related to the establishment of a unit for co-occurring disorders at the Desert Willow Treatment Center and funding for contract expenses related to the mobile crisis unit for children's mental health. Both of these programs were funded by the 2007 Legislature, but were not implemented in the 2007-09 biennium due to budget reductions. The contract for food service between the DCFS and the Division of Mental Health and Developmental Services (MHDS) is recommended to be eliminated, and one Registered Dietician position is recommended to transfer from MHDS to DCFS. The DCFS entered into a contract in FY 2009 with a non-profit organization to provide meal service for its Desert Willow Treatment Center. General Fund reductions of \$1.0 million in FY 2009-10 and \$305,728 in FY 2010-11 are recommended in anticipation of the economic stimulus package FMAP increases. Three new part-time positions are recommended to replace contract janitorial services at the agency's Charleston campus.

### **DEPARTMENT OF EMPLOYMENT, TRAINING AND REHABILITATION**

The department consists of the Director's Office and centralized administrative services, the Employment Security Division, the Rehabilitation Division, the Research and Analysis Bureau, Information Development and Processing, and the Nevada Equal Rights Commission. The mission of the Department of Employment, Training and Rehabilitation (DETR) is to connect Nevada's businesses with a qualified workforce and encourage equal employment opportunities. The department is the lead state agency responsible for the administration of the Workforce Investment Act in Nevada, including serving as staff to the Governor's Workforce Investment Board, which oversees the state's workforce investment system, Nevada JobConnect.

Funding for the department consists of federal funds from the U.S. Departments of Labor and Education; the Social Security Administration; a surcharge of 0.05 percent on wages paid by Nevada employers; and interest on, and forfeitures of, employer contributions. General Funds are provided to the Equal Rights Commission to supplement contract payments from the federal Equal Employment Opportunity Commission. General Funds are also provided to the Vocational Rehabilitation program

and its administration and to the Bureau of Services to the Blind and Visually Impaired, primarily to match federal Section 110 funding.

The Executive Budget recommends total funding for the department in the amount of \$307.5 million in the 2009-11 biennium, an increase of 8.7 percent above the amounts legislatively approved for the 2007-09 biennium. Total General Fund appropriations are recommended at \$9.7 million in the 2009-11 biennium, an decrease of 16.1 percent from the amounts legislatively approved in the 2007-09 biennium.

### **INFORMATION DEVELOPMENT AND PROCESSING**

The Information Development and Processing Division provides labor market, analytical, and data processing services to the department and its customers. The Executive Budget recommends two new Information Technology positions to address the increased workload for oversight of the JobConnect offices that were previously supported by Nevada Works and the Southern Nevada Workforce Investment Board.

### **EQUAL RIGHTS COMMISSION**

The Nevada Equal Rights Commission is responsible for investigating charges alleging employment discrimination and negotiating administrative settlements. The Commission consists of five members appointed by the Governor. Recommendations included in The Executive Budget would create a new program to investigate and resolve housing discrimination complaints from Nevada citizens. The program would be funded with a federal Housing and Urban Development contract. The Equal Rights Commission has requested a bill draft to change Nevada's housing discrimination law to parallel the federal Fair Housing Act in regard to substantive rights, procedures, remedies and judicial review. This recommendation would add two new positions: a Supervisory Compliance Investigator and an Administrative Assistant.

### **REHABILITATION DIVISION**

The Rehabilitation Division includes Vocational Rehabilitation, which provides vocational rehabilitation services leading to employment for persons with disabilities; Services to the Blind and Visually Impaired, which provides vocational rehabilitation services leading to employment and independent living services to eligible individuals with blindness; and the Bureau of Disability Adjudication, which makes medical determinations of eligibility for the Social Security Administration disability benefit payment programs.

General Fund support is provided to Vocational Rehabilitation and Services to the Blind and Visually Impaired as a 21.3 percent match for federal Section 110 funds. Approximately 75 percent (\$1.4 million) of the reduction in General Fund appropriations for the department is from these two programs; however, with the addition of anticipated Section 110 revenues (matched with expenditures in the Blind Business Enterprise

program), case services provided in the 2009-11 biennium are anticipated to be 12 to 13 percent higher than the 2007-09 biennium.

The Executive Budget recommends the elimination of three positions from Vocational Rehabilitation and two positions from Services to the Blind and Visually Impaired that had been kept vacant during the 2007-09 biennium for budget reductions. The General Fund savings from this elimination is approximately \$107,000 over the 2009-11 biennium.

### **EMPLOYMENT SECURITY DIVISION**

The Employment Security Division (ESD) is responsible for programs that pay Unemployment Insurance (UI) benefits, collect UI premiums, and match jobseekers with employers. The division also oversees the claimant/employer appeals process and provides training through the Career Enhancement program.

The Executive Budget recommends 12 new positions in the ESD budget account and 13 in the Career Enhancement program, as follows:

- An unclassified Senior Attorney and a Legal Secretary (previously contractual services).
- An ESD Manager III to serve as the Deputy Chief of the Contributions Section.
- Three Compliance/Audit Investigator II positions and an Auditor II to address increased workload and issues related to national trends in the misclassification of workers for tax-rate manipulation.
- A Workforce Service Representative V Supervisor due to ESD assuming full responsibility for the northern and rural Nevada JobConnect system in July 2007.
- A Management Analyst III to assist the Administrator and executive staff.
- A Management Analyst II, a Grants and Projects Analyst I and an Administrative Assistant II to establish the Workforce Transformation Unit. The goal of the new Workforce Transformation Unit is to promote efforts that advance workforce and education initiatives with employers, labor organizations, postsecondary educational institutions, trade associations and other stakeholders.
- Five Workforce Service Representative III positions for JobConnect Offices in the Career Enhancement program.
- Eight Workforce Services Representative II positions to continue the Reemployment Service program in the Career Enhancement program.

In addition, The Executive Budget recommends \$3.8 million each year in the ESD budget for intermittent positions to assist the division with the high unemployment claims workload. In comparison, the legislatively-approved budget for intermittent positions was \$350,000 in each year of the 2007-09 biennium (not including augmentations presented to the Interim Finance Committee).

### **EMPLOYMENT SECURITY SPECIAL FUND**

The Employment Security Special Fund is used to pay costs of administering employment security programs that may not be charged against federal grants. The sources of revenue for this fund are all interest and forfeitures collected from employers for non-payment or late payment of unemployment taxes. The 2007 Legislature considered, and the Interim Finance Committee approved, Phase I (approximately \$1.9 million) of the Unemployment Insurance Modernization project to replace the 30-year-old UI tax and UI benefit system. The project is funded with federal Reed Act funds. The Executive Budget recommends \$11.7 million in FY 2009-10 and \$10.4 million in FY 2010-11 to implement the selected business and technology solution identified during Phase I.

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HUMAN SERVICES</b>						
<b>HEALTH AND HUMAN SERVICES - DIRECTORS OFFICE</b>						
<b>HHS - ADMINISTRATION</b>	2,427,532	3,978,922	1,926,821	-51.57	1,944,739	.93
GENERAL FUND	1,457,123	1,478,574	1,388,164	-6.11	1,389,976	.13
BALANCE FORWARD	-107,329	201,390				
FEDERAL FUND	602,575	246,859	131,848	-46.59	131,764	-.06
INTER-AGENCY TRANSFER	301,829	448,202	256,809	-42.70	272,999	6.30
OTHER FUND	299,214	1,603,897	150,000	-90.65	150,000	
REVERSIONS	-125,880					
<b>HHS - GRANTS MANAGEMENT UNIT</b>	32,501,638	33,111,891	31,977,136	-3.43	31,965,157	-.04
GENERAL FUND	3,244,142	3,902,285	3,713,415	-4.84	3,692,744	-.56
BALANCE FORWARD	133,238	34,441				
FEDERAL FUND	19,160,503	17,749,386	18,831,177	6.09	18,829,413	-.01
INTER-AGENCY TRANSFER	9,894,146	11,124,569	9,296,230	-16.44	9,302,944	.07
OTHER FUND	507,500	301,210	136,314	-54.74	140,056	2.75
REVERSIONS	-437,891					
<b>HHS - DIRECTOR'S OFFICE - PROBLEM GAMBLING</b>	1,390,089	2,183,099	1,674,977	-23.28	1,890,124	12.84
BALANCE FORWARD	-209,945	452,842			200,000	
OTHER FUND	1,600,034	1,730,257	1,674,977	-3.19	1,690,124	.90
<b>HHS - CHILDREN'S TRUST ACCOUNT</b>	532,374	1,560,146	987,697	-36.69	992,308	.47
BALANCE FORWARD	-185,579	786,207	300,000	-61.84	300,000	
OTHER FUND	717,953	773,939	687,697	-11.14	692,308	.67
<b>INDIGENT SUPPLEMENTAL ACCOUNT</b>	25,484,587	30,184,011				
BALANCE FORWARD	382,414	1,655,059				
OTHER FUND	25,102,173	28,528,952				
<b>HHS - HEALTHY NEVADA FUND</b>	11,565,052	15,144,804	6,900,964	-54.43	6,903,250	.03
GENERAL FUND	383,319	388,726				
INTER-AGENCY TRANSFER	183,382	251,755				
OTHER FUND	11,270,961	14,504,323	6,900,964	-52.42	6,903,250	.03
REVERSIONS	-272,610					
<b>HHS - PUBLIC DEFENDER</b>	2,350,683	2,665,016	2,666,269	.05	2,700,503	1.28
GENERAL FUND	1,221,617	1,223,260	1,214,768	-.69	1,223,234	.70
INTER-AGENCY TRANSFER		23,829				
OTHER FUND	1,271,489	1,417,927	1,451,501	2.37	1,477,269	1.78
REVERSIONS	-142,423					
<b>INDIAN AFFAIRS COMMISSION</b>	190,115	207,934	158,592	-23.73	158,029	-.35
GENERAL FUND	190,583	191,225	158,592	-17.07	158,029	-.35
INTER-AGENCY TRANSFER	500	6,709				
OTHER FUND	10,000	10,000				
REVERSIONS	-10,968					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>TOTAL HEALTH AND HUMAN SERVICES - DIRECTORS OFFICE</b>	76,442,070	89,035,823	46,292,456	-48.01	46,554,110	.57
GENERAL FUND	6,496,784	7,184,070	6,474,939	-9.87	6,463,983	-.17
BALANCE FORWARD	12,799	3,129,939	300,000	-90.42	500,000	66.67
FEDERAL FUND	19,763,078	17,996,245	18,963,025	5.37	18,961,177	-.01
INTER-AGENCY TRANSFER	10,379,857	11,855,064	9,553,039	-19.42	9,575,943	.24
OTHER FUND	40,779,324	48,870,505	11,001,453	-77.49	11,053,007	.47
REVERSIONS	-989,772					
<b>AGING SERVICES</b>						
<b>HHS - SENIOR CITIZENS' PROPERTY TAX ASSISTANCE</b>	4,850,301	5,446,351	5,882,322	8.00	6,234,781	5.99
GENERAL FUND	4,834,482	5,439,534	5,882,322	8.14	6,234,781	5.99
BALANCE FORWARD	352,495					
INTER-AGENCY TRANSFER	2,180	6,817				
REVERSIONS	-338,856					
<b>HHS - TOBACCO SETTLEMENT PROGRAM</b>	5,541,319	9,382,979	11,134,305	18.66	13,644,766	22.55
GENERAL FUND			107,908		107,654	-.24
INTER-AGENCY TRANSFER			672,768		792,844	17.85
OTHER FUND	5,541,319	9,382,979	10,353,629	10.34	12,744,268	23.09
<b>HHS - HOME &amp; COMMUNITY BASED PROGRAMS</b>	8,278,253	11,644,281	8,279,602	-28.90	8,402,130	1.48
GENERAL FUND	1,807,068	1,927,999	3,544,345	83.84	3,634,789	2.55
BALANCE FORWARD	-23,803					
INTER-AGENCY TRANSFER	6,689,431	9,705,596	4,735,257	-51.21	4,767,341	.68
OTHER FUND	39,015	10,686				
REVERSIONS	-233,458					
<b>HHS - AGING FEDERAL PROGRAMS AND ADMINISTRATION</b>	15,572,174	15,811,643	15,251,615	-3.54	15,294,175	.28
GENERAL FUND	3,422,727	3,629,400	3,559,279	-1.93	3,587,692	.80
BALANCE FORWARD	88,679	79,847				
FEDERAL FUND	10,353,466	9,869,475	9,866,550	-.03	9,870,167	.04
INTER-AGENCY TRANSFER	1,423,643	1,789,237	1,395,055	-22.03	1,403,522	.61
OTHER FUND	480,634	443,684	430,731	-2.92	432,794	.48
REVERSIONS	-196,975					
<b>HHS - DEVELOPMENTAL DISABILITIES</b>	625,118	698,390	626,259	-10.33	626,259	.00
GENERAL FUND	171,408	172,068	156,565	-9.01	156,565	
FEDERAL FUND	410,851	461,811	469,694	1.71	469,694	
INTER-AGENCY TRANSFER	55,879	64,511				
REVERSIONS	-13,020					
<b>HHS - EPS/HOMEMAKER PROGRAMS</b>	3,176,836	3,774,962	3,296,460	-12.68	3,336,904	1.23
GENERAL FUND	285,541	400,181	36,455	-90.89	76,899	110.94
INTER-AGENCY TRANSFER	3,176,836	3,374,781	3,260,005	-3.40	3,260,005	
REVERSIONS	-285,541					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HHS - COMMUNITY BASED SERVICES</b>	8,366,311	11,802,296	11,416,737	-3.27	10,755,406	-5.79
GENERAL FUND	6,550,394	7,080,067	7,602,974	7.39	7,597,070	-.08
BALANCE FORWARD	454,738	2,645,337	1,922,192	-27.34	1,236,933	-35.65
FEDERAL FUND	542,266	568,757	479,924	-15.62	480,003	.02
INTER-AGENCY TRANSFER	291,140	381,599	341,059	-10.62	342,127	.31
OTHER FUND	1,175,052	1,126,536	1,070,588	-4.97	1,099,273	2.68
REVERSIONS	-647,279					
<b>HHS - IDEA PART C COMPLIANCE</b>	811,783	740,878	3,892,516	425.39	3,892,543	.00
BALANCE FORWARD	-11,659	11,659				
FEDERAL FUND			3,892,516		3,892,543	.00
INTER-AGENCY TRANSFER	823,442	729,219				
<b>TOTAL AGING SERVICES</b>	47,222,095	59,301,780	59,779,816	.81	62,186,964	4.03
GENERAL FUND	17,071,620	18,649,249	20,889,848	12.01	21,395,450	2.42
BALANCE FORWARD	860,450	2,736,843	1,922,192	-29.77	1,236,933	-35.65
FEDERAL FUND	11,306,583	10,900,043	14,708,684	34.94	14,712,407	.03
INTER-AGENCY TRANSFER	12,462,551	16,051,760	10,404,144	-35.18	10,565,839	1.55
OTHER FUND	7,236,020	10,963,885	11,854,948	8.13	14,276,335	20.43
REVERSIONS	-1,715,129					
<b>HEALTH CARE FINANCING &amp; POLICY</b>						
<b>HCF&amp;P - HIFA HOLDING ACCOUNT</b>	389,856	6,786,750				
GENERAL FUND	227,974	6,446,148				
INTER-AGENCY TRANSFER	197,150	340,602				
REVERSIONS	-35,268					
<b>HCF&amp;P - INTERGOVERNMENTAL TRANSFER PROGRAM</b>	95,572,042	91,503,537	110,668,417	20.94	111,730,968	.96
BALANCE FORWARD	14,839,174	9,761,589				
INTER-AGENCY TRANSFER		1,500,000				
OTHER FUND	80,732,868	80,241,948	110,668,417	37.92	111,730,968	.96
<b>HCF&amp;P - ADMINISTRATION</b>	21,325,302	24,292,146	81,753,826	236.54	88,441,478	8.18
GENERAL FUND	679,268	2,122,475	20,664,278	873.59	19,595,000	-5.17
BALANCE FORWARD	18,449	138,663			2,299,587	
FEDERAL FUND	17,708,227	19,661,095	58,456,881	197.32	64,072,139	9.61
INTER-AGENCY TRANSFER	746,610	591,623	320,496	-45.83	320,496	
OTHER FUND	1,812,888	1,778,290	2,312,171	30.02	2,154,256	-6.83
REVERSIONS	359,860					
<b>HCF&amp;P - INCREASED QUALITY OF NURSING CARE</b>	26,327,114	24,279,065	23,086,154	-4.91	23,130,374	.19
BALANCE FORWARD	2,433,239	4,509,719	900,000	-80.04	900,000	
OTHER FUND	23,893,875	19,769,346	22,186,154	12.23	22,230,374	.20
<b>HCF&amp;P - NEVADA CHECK-UP PROGRAM</b>	40,909,314	44,105,397	41,174,383	-6.65	42,809,694	3.97
GENERAL FUND	11,540,890	11,933,592	13,010,524	9.02	13,563,988	4.25
BALANCE FORWARD	10,659	2,714				
FEDERAL FUND	26,407,153	29,156,245	26,089,065	-10.52	27,170,912	4.15
INTER-AGENCY TRANSFER	785,545	787,677	200,000	-74.61	200,000	
OTHER FUND	2,171,484	2,225,169	1,874,794	-15.75	1,874,794	
REVERSIONS	-6,417					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HCF&amp;P - NEVADA MEDICAID, TITLE XIX</b>	1,261,091,430	1,267,518,143	1,358,877,068	7.21	1,430,824,385	5.29
GENERAL FUND	432,368,602	476,172,229	421,692,587	-11.44	508,308,233	20.54
BALANCE FORWARD	2,609,377	2,359,375	2,299,587	-2.53		
FEDERAL FUND	684,389,726	660,567,763	774,655,475	17.27	759,727,200	-1.93
INTER-AGENCY TRANSFER	119,222,270	104,258,192	129,984,177	24.68	131,858,614	1.44
OTHER FUND	30,590,660	24,160,584	30,245,242	25.18	30,930,338	2.27
REVERSIONS	-8,089,205					
<b>HCF&amp;P - HIFA MEDICAL</b>	1,020,979	1,829,140	399,717	-78.15		
GENERAL FUND			399,717			
FEDERAL FUND	656,109	1,197,355				
INTER-AGENCY TRANSFER	364,870	631,785				
<b>TOTAL HEALTH CARE FINANCING &amp; POLICY</b>	1,446,636,037	1,460,314,178	1,615,959,565	10.66	1,696,936,899	5.01
GENERAL FUND	444,816,734	496,674,444	455,767,106	-8.24	541,467,221	18.80
BALANCE FORWARD	19,910,898	16,772,060	3,199,587	-80.92	3,199,587	
FEDERAL FUND	729,161,215	710,582,458	859,201,421	20.92	850,970,251	-.96
INTER-AGENCY TRANSFER	121,316,445	108,109,879	130,504,673	20.71	132,379,110	1.44
OTHER FUND	139,201,775	128,175,337	167,286,778	30.51	168,920,730	.98
REVERSIONS	-7,771,030					
<b>HEALTH DIVISION</b>						
<b>HHS - RADIOLOGICAL HEALTH</b>	2,096,577	3,979,800	4,516,885	13.50	5,167,342	14.40
BALANCE FORWARD	-195,631	867,265	1,192,214	37.47	1,782,011	49.47
FEDERAL FUND	385,388	518,358	584,370	12.73	555,460	-4.95
INTER-AGENCY TRANSFER	97,213	104,431	153,242	46.74	154,351	.72
OTHER FUND	1,809,607	2,489,746	2,587,059	3.91	2,675,520	3.42
<b>HHS - HEALTH RADIOACTIVE &amp; HAZARDOUS WASTE</b>	173,029	13,818,215	9,694,995	-29.84	9,621,653	-.76
BALANCE FORWARD	-607,127	13,241,039	9,411,478	-28.92	9,278,113	-1.42
OTHER FUND	780,156	577,176	283,517	-50.88	343,540	21.17
<b>HHS - CANCER CONTROL REGISTRY</b>	655,488	1,058,688	1,096,936	3.61	1,141,433	4.06
BALANCE FORWARD	-99,829	324,555	338,055	4.16	396,022	17.15
FEDERAL FUND	578,765	617,133	624,331	1.17	610,861	-2.16
OTHER FUND	176,552	117,000	134,550	15.00	134,550	
<b>HHS - HEALTH STATISTICS AND PLANNING</b>	1,274,014	1,612,475	1,388,355	-13.90	1,395,607	.52
GENERAL FUND	855,943	967,157	590,384	-38.96	596,935	1.11
BALANCE FORWARD	48,942	23,035	23,035			
FEDERAL FUND	508,654	570,207	537,080	-5.81	555,969	3.52
INTER-AGENCY TRANSFER	13,400	34,669	228,417	558.85	233,264	2.12
OTHER FUND	9,439	17,407	9,439	-45.77	9,439	
REVERSIONS	-162,364					
<b>HHS - CONSUMER HEALTH PROTECTION</b>	1,988,718	3,380,504	2,806,976	-16.97	2,778,752	-1.01
GENERAL FUND	1,002,060	1,036,963	758,152	-26.89	734,197	-3.16
INTER-AGENCY TRANSFER	162,689	711,531	763,491	7.30	764,264	.10
OTHER FUND	1,017,551	1,632,010	1,285,333	-21.24	1,280,291	-.39
REVERSIONS	-193,582					



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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HHS - OFFICE OF MINORITY HEALTH</b>	265,467	284,787	264,138	-7.25	261,408	-1.03
GENERAL FUND	121,490	128,870	118,507	-8.04	117,471	-.87
FEDERAL FUND	162,261	155,917	145,631	-6.60	143,937	-1.16
REVERSIONS	-18,284					
<b>HHS - EARLY INTERVENTION SERVICES</b>	20,596,827	20,709,971	22,871,589	10.44	25,632,939	12.07
GENERAL FUND	14,584,903	15,315,094	18,310,025	19.56	21,069,145	15.07
FEDERAL FUND	4,950,738	4,352,902	644,949	-85.18	644,949	
INTER-AGENCY TRANSFER	907,333	1,041,975	3,758,698	260.73	3,760,928	.06
OTHER FUND	197,903		157,917		157,917	
REVERSIONS	-44,050					
<b>HHS - PUBLIC HEALTH TOBACCO FUND</b>	1,219,396	1,866,789	1,212,452	-35.05	1,213,089	.05
OTHER FUND	1,219,396	1,866,789	1,212,452	-35.05	1,213,089	.05
<b>HHS - IMMUNIZATION PROGRAM</b>	4,199,151	6,435,593	4,971,852	-22.74	4,956,140	-.32
GENERAL FUND	718,514	1,398,272	968,794	-30.71	970,713	.20
BALANCE FORWARD	-33	33				
FEDERAL FUND	2,710,736	2,964,965	2,474,521	-16.54	2,411,226	-2.56
INTER-AGENCY TRANSFER	956,760	2,072,323	1,528,537	-26.24	1,574,201	2.99
REVERSIONS	-186,826					
<b>HHS - WIC FOOD SUPPLEMENT</b>	47,848,946	46,017,759	57,464,712	24.88	61,588,266	7.18
BALANCE FORWARD	-52,777	70,117	69,923	-.28	69,923	
FEDERAL FUND	33,293,744	32,678,010	42,344,881	29.58	46,237,806	9.19
OTHER FUND	14,607,979	13,269,632	15,049,908	13.42	15,280,537	1.53
<b>HHS - COMMUNICABLE DISEASES</b>	15,310,712	14,650,652	14,413,602	-1.62	14,385,879	-.19
GENERAL FUND	1,790,254	1,805,620	2,093,764	15.96	2,097,507	.18
BALANCE FORWARD	-70	9,179	9,501	3.51	9,501	
FEDERAL FUND	13,439,330	12,670,843	12,137,143	-4.21	12,106,094	-.26
OTHER FUND	110,553	165,010	173,194	4.96	172,777	-.24
REVERSIONS	-29,355					
<b>HHS - HEALTH FACILITIES HOSPITAL LICENSING</b>	7,245,380	12,615,229	11,673,806	-7.46	10,823,412	-7.28
BALANCE FORWARD	507,150	4,686,609	4,686,498	-.00	3,595,480	-23.28
FEDERAL FUND	2,089,858	1,845,479	1,928,359	4.49	1,965,007	1.90
INTER-AGENCY TRANSFER	1,011,305	1,067,743	1,055,866	-1.11	1,076,022	1.91
OTHER FUND	3,637,067	5,015,398	4,003,083	-20.18	4,186,903	4.59
<b>HHS - PUBLIC HEALTH PREPAREDNESS PROGRAM</b>	17,163,388	15,659,742	12,507,949	-20.13	12,572,273	.51
FEDERAL FUND	17,163,388	15,659,742	12,428,090	-20.64	12,491,739	.51
INTER-AGENCY TRANSFER			79,859		80,534	.85
<b>HHS - CHRONIC DISEASE</b>	5,254,467	5,427,692	5,197,413	-4.24	5,158,151	-.76
GENERAL FUND	801,168	805,030	787,838	-2.14	784,818	-.38
BALANCE FORWARD			583		583	
FEDERAL FUND	4,457,309	4,615,838	4,408,992	-4.48	4,372,750	-.82
INTER-AGENCY TRANSFER	1,865	6,824				
REVERSIONS	-5,875					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HHS - MATERNAL CHILD HEALTH SERVICES</b>	6,465,140	7,422,772	6,972,953	-6.06	7,164,632	2.75
GENERAL FUND	1,272,963	1,287,690	1,069,081	-16.98	1,056,100	-1.21
BALANCE FORWARD	23,066	100,137	100,137			
FEDERAL FUND	2,890,961	3,270,988	2,121,693	-35.14	2,103,588	-.85
INTER-AGENCY TRANSFER	43,207	116,727	42,308	-63.75	43,479	2.77
OTHER FUND	2,354,432	2,647,230	3,639,734	37.49	3,961,465	8.84
REVERSIONS	-119,489					
<b>HHS - OFFICE OF HEALTH ADMINISTRATION</b>	4,314,343	5,235,026	5,304,555	1.33	5,273,133	-.59
GENERAL FUND	1,039,815	1,092,261	1,055,291	-3.38	1,057,949	.25
BALANCE FORWARD	162,773				90,056	
FEDERAL FUND	227,153	252,739				
INTER-AGENCY TRANSFER	2,550,421	3,851,995	4,249,264	10.31	4,125,128	-2.92
INTERIM FINANCE	335,522					
OTHER FUND		38,031				
REVERSIONS	-1,341					
<b>HHS - COMMUNITY HEALTH SERVICES</b>	3,497,190	4,600,948	3,797,518	-17.46	3,804,735	.19
GENERAL FUND	683,116	714,539	863,260	20.81	894,466	3.61
BALANCE FORWARD	72,317	113,149	138,915	22.77	138,915	
FEDERAL FUND	1,195,939	1,443,765	1,147,536	-20.52	1,136,139	-.99
INTER-AGENCY TRANSFER	558,938	787,752	757,354	-3.86	755,094	-.30
OTHER FUND	1,070,613	1,541,743	890,453	-42.24	880,121	-1.16
REVERSIONS	-83,733					
<b>HHS - HEALTH DIVISION SPECIAL APPROPRIATIONS</b>	28,791	67,323				
BALANCE FORWARD	392,596					
OTHER FUND		67,323				
REVERSIONS	-363,805					
<b>HHS - EMERGENCY MEDICAL SERVICES</b>	967,027	1,206,753	1,122,061	-7.02	1,120,835	-.11
GENERAL FUND	917,930	948,548	884,475	-6.75	884,654	.02
BALANCE FORWARD	-1,133	22,776	13,244	-41.85	6,400	-51.68
FEDERAL FUND	115,590	162,805	162,805		162,805	
INTER-AGENCY TRANSFER		31,284	23,712	-24.20	26,976	13.77
OTHER FUND	39,309	41,340	37,825	-8.50	40,000	5.75
REVERSIONS	-104,669					
<b>TOTAL HEALTH DIVISION</b>	140,564,051	166,050,718	167,278,747	.74	174,059,679	4.05
GENERAL FUND	23,788,156	25,500,044	27,499,571	7.84	30,263,955	10.05
BALANCE FORWARD	250,244	19,457,894	15,983,583	-17.86	15,367,004	-3.86
FEDERAL FUND	84,169,814	81,779,691	81,690,381	-.11	85,498,330	4.66
INTER-AGENCY TRANSFER	6,303,131	9,827,254	12,640,748	28.63	12,594,241	-.37
INTERIM FINANCE	335,522					
OTHER FUND	27,030,557	29,485,835	29,464,464	-.07	30,336,149	2.96
REVERSIONS	-1,313,373					

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<b>WELFARE DIVISION</b>						
<b>WELFARE - ADMINISTRATION</b>	26,943,108	27,897,885	30,404,672	8.99	28,113,881	-7.53
GENERAL FUND	7,656,056	7,656,457	7,991,668	4.38	8,048,817	.72
BALANCE FORWARD	130,478	360,950				
FEDERAL FUND	16,912,091	17,548,597	19,172,125	9.25	17,592,192	-8.24
INTER-AGENCY TRANSFER	1,866,523	2,137,355	2,812,338	31.58	2,059,172	-26.78
OTHER FUND	439,619	194,526	428,541	120.30	413,700	-3.46
REVERSIONS	-61,659					
<b>WELFARE - TANF</b>	50,383,234	50,429,254	55,908,098	10.86	57,021,543	1.99
GENERAL FUND	24,607,852	24,607,852	28,930,185	17.56	32,101,519	10.96
BALANCE FORWARD	2,515,068		2,515,068		2,515,068	
FEDERAL FUND	23,302,314	25,821,402	24,462,845	-5.26	22,404,956	-8.41
REVERSIONS	-42,000					
<b>WELFARE - ASSISTANCE TO AGED AND BLIND</b>	7,037,888	6,975,613	7,666,123	9.90	7,997,622	4.32
GENERAL FUND	7,037,888	6,975,613	7,666,123	9.90	7,997,622	4.32
<b>WELFARE - FIELD SERVICES</b>	59,853,248	69,661,826	67,055,853	-3.74	81,223,663	21.13
GENERAL FUND	23,514,423	25,049,481	22,598,795	-9.78	28,043,717	24.09
BALANCE FORWARD	1,964,494	1,643,154				
FEDERAL FUND	25,621,612	29,054,632	31,347,501	7.89	37,526,210	19.71
INTER-AGENCY TRANSFER	11,081,140	13,914,559	12,986,974	-6.67	15,507,361	19.41
OTHER FUND	97,674		122,583		146,375	19.41
REVERSIONS	-2,426,095					
<b>WELFARE - CHILD SUPPORT ENFORCEMENT PROGRAM</b>	9,024,132	15,711,321	14,064,147	-10.48	13,759,600	-2.17
BALANCE FORWARD	-859,520	3,005,402	1,924,466	-35.97	1,921,514	-.15
FEDERAL FUND	5,206,275	7,700,671	7,185,682	-6.69	6,913,574	-3.79
OTHER FUND	4,927,377	5,005,248	4,953,999	-1.02	4,924,512	-.60
REVERSIONS	-250,000					
<b>WELFARE - CHILD SUPPORT FEDERAL REIMBURSEMENT</b>	21,396,381	27,665,607	28,127,745	1.67	30,567,549	8.67
BALANCE FORWARD	336,682	61,908	61,240	-1.08	61,240	
FEDERAL FUND	21,052,505	27,602,297	28,059,311	1.66	30,499,115	8.70
OTHER FUND	7,194	1,402	7,194	413.12	7,194	
<b>WELFARE - CHILD ASSISTANCE AND DEVELOPMENT</b>	44,774,833	50,438,362	49,910,863	-1.05	49,927,046	.03
GENERAL FUND	9,033,701	9,033,701	8,453,594	-6.42	8,461,590	.09
BALANCE FORWARD	-104,042	10,346,567	9,370,431	-9.43	9,378,617	.09
FEDERAL FUND	36,557,855	31,058,094	32,086,838	3.31	32,086,839	.00
REVERSIONS	-712,681					
<b>WELFARE - ENERGY ASSISTANCE PROGRAM</b>	18,397,680	18,826,329	15,564,080	-17.33	13,834,638	-11.11
BALANCE FORWARD	515		300,000		300,000	
FEDERAL FUND	5,941,934	6,465,551	3,743,173	-42.11	3,732,676	-.28
OTHER FUND	12,455,231	12,360,778	11,520,907	-6.79	9,801,962	-14.92

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<b>TOTAL WELFARE DIVISION</b>	237,810,504	267,606,197	268,701,581	.41	282,445,542	5.11
GENERAL FUND	71,849,920	73,323,104	75,640,365	3.16	84,653,265	11.92
BALANCE FORWARD	3,983,675	15,417,981	14,171,205	-8.09	14,176,439	.04
FEDERAL FUND	134,594,586	145,251,244	146,057,475	.56	150,755,562	3.22
INTER-AGENCY TRANSFER	12,947,663	16,051,914	15,799,312	-1.57	17,566,533	11.19
OTHER FUND	17,927,095	17,561,954	17,033,224	-3.01	15,293,743	-10.21
REVERSIONS	-3,492,435					
<b>MENTAL HEALTH AND DEVELOPMENTAL SERVICES</b>						
<b>HHS - SOUTHERN FOOD SERVICE</b>	1,821,669	2,084,428				
INTER-AGENCY TRANSFER	1,821,669	2,084,428				
<b>HHS - SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES</b>	97,906,207	115,043,449	94,011,855	-18.28	95,294,884	1.36
GENERAL FUND	89,477,650	94,971,557	79,523,734	-16.27	81,158,024	2.06
BALANCE FORWARD	242,206	189,010				
FEDERAL FUND	8,692,492	3,942,955	7,413,088	88.01	7,394,983	-.24
INTER-AGENCY TRANSFER	8,536,770	15,600,528	6,889,342	-55.84	6,556,575	-4.83
OTHER FUND	215,244	339,399	185,691	-45.29	185,302	-.21
REVERSIONS	-9,258,155					
<b>HHS - NORTHERN NEVADA ADULT MENTAL HEALTH SVCS</b>	34,267,645	43,432,873	34,953,666	-19.52	35,245,703	.84
GENERAL FUND	33,223,660	36,657,399	30,083,769	-17.93	30,379,606	.98
BALANCE FORWARD	396,477	157,839				
FEDERAL FUND	1,118,475	1,460,860	1,461,763	.06	1,471,694	.68
INTER-AGENCY TRANSFER	2,456,604	4,728,316	3,156,091	-33.25	3,142,310	-.44
OTHER FUND	217,537	428,459	252,043	-41.17	252,093	.02
REVERSIONS	-3,145,108					
<b>HHS - MENTAL HEALTH INFORMATION SYSTEM</b>	1,734,142	2,171,028	1,897,809	-12.58	1,936,378	2.03
GENERAL FUND	1,475,959	1,517,461	1,501,879	-1.03	1,538,407	2.43
BALANCE FORWARD	112,246	36,889				
FEDERAL FUND	142,915	323,044	142,200	-55.98	142,200	
INTER-AGENCY TRANSFER	187,762	293,634	253,730	-13.59	255,771	.80
REVERSIONS	-184,740					
<b>HHS - FAMILY PRESERVATION PROGRAM</b>	2,057,970	2,319,305	2,260,842	-2.52	2,335,268	3.29
GENERAL FUND	2,135,672	2,319,305	2,260,842	-2.52	2,335,268	3.29
REVERSIONS	-77,702					
<b>HHS - RURAL REGIONAL CENTER</b>	14,377,977	17,462,005	16,013,234	-8.30	16,572,381	3.49
GENERAL FUND	9,769,786	10,963,863	9,428,489	-14.00	10,241,088	8.62
BALANCE FORWARD	41,728	1,424				
INTER-AGENCY TRANSFER	5,866,643	6,496,718	6,584,745	1.35	6,331,293	-3.85
INTERIM FINANCE	4,681					
REVERSIONS	-1,304,861					

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<b>HHS - MHDS ADMINISTRATION</b>	7,156,351	8,907,129	7,381,924	-17.12	7,383,056	.02
GENERAL FUND	3,483,928	3,546,681	2,572,023	-27.48	2,572,975	.04
BALANCE FORWARD	60,144					
FEDERAL FUND	3,850,630	4,281,096	4,060,437	-5.15	4,060,436	-.00
INTER-AGENCY TRANSFER	743,705	1,079,352	734,465	-31.95	734,646	.02
OTHER FUND			14,999		14,999	
REVERSIONS	-982,056					
<b>HHS-SUBSTANCE ABUSE PREVENTION &amp; TREATMENT AGENCY</b>	25,879,489	30,183,585	30,197,642	.05	29,087,093	-3.68
GENERAL FUND	9,566,312	12,048,716	10,541,432	-12.51	10,569,728	.27
BALANCE FORWARD	-128,965	161,486				
FEDERAL FUND	16,738,368	16,884,902	18,600,486	10.16	17,458,482	-6.14
INTER-AGENCY TRANSFER		909,461	790,163	-13.12	790,163	
OTHER FUND	526,618	179,020	265,561	48.34	268,720	1.19
REVERSIONS	-822,844					
<b>HHS - ALCOHOL TAX PROGRAM</b>	1,089,319	1,292,023	1,275,719	-1.26	1,295,060	1.52
BALANCE FORWARD	123,389	260,650	242,023	-7.15	225,719	-6.74
OTHER FUND	965,930	1,031,373	1,033,696	.23	1,069,341	3.45
<b>HHS - DESERT REGIONAL CENTER</b>	69,614,079	86,047,017	93,735,281	8.93	98,257,539	4.82
GENERAL FUND	43,985,850	53,153,934	51,920,764	-2.32	58,050,791	11.81
BALANCE FORWARD	137,970	246,454				
INTER-AGENCY TRANSFER	30,758,585	32,429,304	41,645,075	28.42	40,037,306	-3.86
OTHER FUND	169,422	217,325	169,442	-22.03	169,442	
REVERSIONS	-5,437,748					
<b>HHS - SIERRA REGIONAL CENTER</b>	33,131,564	36,985,971	36,852,717	-.36	39,062,464	6.00
GENERAL FUND	20,479,398	22,422,315	21,454,523	-4.32	24,010,289	11.91
BALANCE FORWARD	78,254	25,770				
INTER-AGENCY TRANSFER	13,644,679	14,516,678	15,398,194	6.07	15,052,175	-2.25
OTHER FUND	74,235	21,208				
REVERSIONS	-1,145,002					
<b>HHS - FACILITY FOR THE MENTAL OFFENDER</b>	9,180,920	10,942,530	9,806,930	-10.38	9,827,623	.21
GENERAL FUND	9,603,196	10,114,277	9,551,017	-5.57	9,571,710	.22
BALANCE FORWARD	129,582	9,048				
INTER-AGENCY TRANSFER		656,878				
OTHER FUND	271,167	162,327	255,913	57.65	255,913	
REVERSIONS	-823,025					
<b>HHS - RURAL CLINICS</b>	15,929,099	17,970,450	14,862,287	-17.30	14,938,476	.51
GENERAL FUND	13,371,576	13,976,717	11,870,943	-15.07	11,922,888	.44
BALANCE FORWARD	360,110	46,564				
FEDERAL FUND	629,755	432,126	475,145	9.96	476,382	.26
INTER-AGENCY TRANSFER	2,444,169	3,121,930	2,095,559	-32.88	2,097,162	.08
OTHER FUND	408,841	393,113	420,640	7.00	442,044	5.09
REVERSIONS	-1,285,352					

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<b>TOTAL MENTAL HEALTH AND DEVELOPMENTAL SERVICES</b>	314,146,431	374,841,793	343,249,906	-8.43	351,235,925	2.33
GENERAL FUND	236,572,987	261,692,225	230,709,415	-11.84	242,350,774	5.05
BALANCE FORWARD	1,553,141	1,135,134	242,023	-78.68	225,719	-6.74
FEDERAL FUND	31,172,635	27,324,983	32,153,119	17.67	31,004,177	-3.57
INTER-AGENCY TRANSFER	66,460,586	81,917,227	77,547,364	-5.33	74,997,401	-3.29
INTERIM FINANCE	4,681					
OTHER FUND	2,848,994	2,772,224	2,597,985	-6.29	2,657,854	2.30
REVERSIONS	-24,466,593					
<b>CHILD &amp; FAMILY SERVICES</b>						
<b>HHS - COMMUNITY JUVENILE JUSTICE PROGRAMS</b>	2,567,379	2,911,726	2,784,739	-4.36	2,804,587	.71
GENERAL FUND	729,205	729,205	698,761	-4.17	698,761	
BALANCE FORWARD	119,970	583,072	602,753	3.38	620,491	2.94
FEDERAL FUND	1,715,223	1,575,907	1,473,760	-6.48	1,473,760	
OTHER FUND	32,725	23,542	9,465	-59.80	11,575	22.29
REVERSIONS	-29,744					
<b>HHS - WASHOE COUNTY INTEGRATION</b>	24,372,515	28,165,137	29,484,520	4.68	30,805,547	4.48
GENERAL FUND	12,636,969	14,503,827	14,720,421	1.49	16,208,575	10.11
FEDERAL FUND	10,887,024	11,496,725	12,296,311	6.95	12,173,803	-1.00
INTER-AGENCY TRANSFER	942,321	1,840,712	1,741,487	-5.39	1,696,868	-2.56
OTHER FUND		323,873	726,301	124.25	726,301	
REVERSIONS	-93,799					
<b>HHS - CLARK COUNTY INTEGRATION</b>	50,556,518	68,402,410	74,478,786	8.88	80,613,810	8.24
GENERAL FUND	33,384,474	38,859,442	42,766,732	10.05	48,057,086	12.37
FEDERAL FUND	13,970,203	25,695,792	25,640,689	-.21	26,485,359	3.29
INTER-AGENCY TRANSFER	3,698,147	3,505,203	3,456,846	-1.38	3,456,846	
OTHER FUND		341,973	2,614,519	664.54	2,614,519	
REVERSIONS	-496,306					
<b>HHS - UNITY/SACWIS</b>	5,494,002	6,286,889	5,532,138	-12.01	5,470,123	-1.12
GENERAL FUND	3,329,902	3,341,037	2,898,831	-13.24	2,865,465	-1.15
FEDERAL FUND	2,283,270	2,656,580	2,524,506	-4.97	2,496,596	-1.11
INTER-AGENCY TRANSFER	127,496	289,272	108,801	-62.39	108,062	-.68
REVERSIONS	-246,666					
<b>HHS - CHILDREN, YOUTH &amp; FAMILY ADMINISTRATION</b>	17,969,421	20,196,550	22,340,054	10.61	21,544,504	-3.56
GENERAL FUND	4,979,171	5,178,985	8,322,354	60.69	8,675,466	4.24
BALANCE FORWARD	-53,835	143,343				
FEDERAL FUND	11,378,725	12,401,267	11,724,082	-5.46	10,583,508	-9.73
INTER-AGENCY TRANSFER	1,303,477	2,097,774	2,113,618	.76	2,105,530	-.38
INTERIM FINANCE	334,428					
OTHER FUND	180,035	375,181	180,000	-52.02	180,000	
REVERSIONS	-152,580					
<b>HHS - YOUTH ALTERNATIVE PLACEMENT</b>	3,648,443	3,702,597	3,702,597	.00	3,702,597	.00
GENERAL FUND	1,685,050	1,704,979	1,704,979		1,704,979	
OTHER FUND	1,963,393	1,997,618	1,997,618		1,997,618	

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HHS - JUVENILE CORRECTIONAL FACILITY</b>	6,109,521	8,240,221	5,973,965	-27.50	6,023,581	.83
GENERAL FUND	7,321,260	7,643,558	5,790,027	-24.25	5,827,160	.64
BALANCE FORWARD	43,965	10,350				
INTER-AGENCY TRANSFER	224,497	586,313	183,938	-68.63	196,421	6.79
REVERSIONS	-1,480,201					
<b>HHS - CHILD CARE SERVICES</b>	917,131	1,163,129	1,332,905	14.60	1,366,660	2.53
GENERAL FUND	59,090	67,037	295,409	340.67	278,580	-5.70
BALANCE FORWARD	-28,590	81,812	99,056	21.08	165,502	67.08
INTER-AGENCY TRANSFER	917,131	985,190	889,330	-9.73	873,468	-1.78
OTHER FUND	28,590	29,090	49,110	68.82	49,110	
REVERSIONS	-59,090					
<b>HHS - CALIENTE YOUTH CENTER</b>	7,576,946	8,713,492	7,794,830	-10.54	7,866,595	.92
GENERAL FUND	7,655,209	7,994,790	7,574,617	-5.26	7,632,711	.77
BALANCE FORWARD	26,956	59,469				
INTER-AGENCY TRANSFER	148,812	659,233	220,213	-66.60	233,884	6.21
OTHER FUND	290					
REVERSIONS	-254,321					
<b>HHS - VICTIMS OF DOMESTIC VIOLENCE</b>	3,026,879	3,243,705	2,215,230	-31.71	2,324,071	4.91
BALANCE FORWARD	13,264	133,320	189,661	42.26	490,160	158.44
INTER-AGENCY TRANSFER	540,000					
OTHER FUND	2,473,615	3,110,385	2,025,569	-34.88	1,833,911	-9.46
<b>HHS - RURAL CHILD WELFARE</b>	17,252,443	17,613,368	16,234,263	-7.83	16,817,529	3.59
GENERAL FUND	8,001,938	5,099,265	8,059,243	58.05	8,617,150	6.92
BALANCE FORWARD	418	214,927				
FEDERAL FUND	4,816,262	8,010,650	4,309,554	-46.20	4,334,913	.59
INTER-AGENCY TRANSFER	3,754,452	3,523,508	3,780,430	7.29	3,780,430	
OTHER FUND	922,911	765,018	85,036	-88.88	85,036	
REVERSIONS	-243,538					
<b>HHS - CHILD WELFARE TRUST</b>	182,619	151,724	737,467	386.06	736,986	-.07
BALANCE FORWARD	13,377	18,498	6,382	-65.50	3,418	-46.44
FEDERAL FUND	167,794	131,639	730,504	454.93	733,189	.37
OTHER FUND	10,621	1,587	581	-63.39	379	-34.77
REVERSIONS	-9,173					
<b>HHS - TRANSITION FROM FOSTER CARE</b>	1,094,067	2,572,751	1,552,121	-39.67	1,082,977	-30.23
BALANCE FORWARD	15,005	982,060	789,263	-19.63	458,225	-41.94
OTHER FUND	1,079,062	1,590,691	762,858	-52.04	624,752	-18.10
<b>HHS - REVIEW OF DEATH OF CHILDREN</b>	199,435	277,773	261,266	-5.94	246,495	-5.65
BALANCE FORWARD	73,592	129,727	127,667	-1.59	108,891	-14.71
OTHER FUND	125,843	148,046	133,599	-9.76	137,604	3.00
<b>HHS - NEVADA YOUTH TRAINING CENTER</b>	9,777,059	11,462,390	8,866,246	-22.65	8,943,829	.88
GENERAL FUND	9,925,787	10,364,454	8,553,691	-17.47	8,631,274	.91
BALANCE FORWARD	48,678	51,395				
INTER-AGENCY TRANSFER	549,008	1,046,541	312,555	-70.13	312,555	
REVERSIONS	-746,414					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>HHS - YOUTH PAROLE SERVICES</b>	5,459,397	6,766,271	6,428,684	-4.99	6,458,521	.46
GENERAL FUND	6,066,012	6,127,061	6,352,668	3.68	6,382,505	.47
BALANCE FORWARD	-319,993	319,993				
FEDERAL FUND	1,935					
INTER-AGENCY TRANSFER	62,047	182,396				
INTERIM FINANCE	322,063					
OTHER FUND	73,189	136,821	76,016	-44.44	76,016	
REVERSIONS	-745,856					
<b>HHS - WRAPAROUND IN NEVADA</b>	3,958,653	5,258,104	4,465,850	-15.07	4,505,050	.88
GENERAL FUND	2,956,974	3,146,056	2,631,672	-16.35	2,803,448	6.53
INTER-AGENCY TRANSFER	1,459,945	2,112,048	1,834,178	-13.16	1,701,602	-7.23
REVERSIONS	-458,266					
<b>HHS - NORTHERN NEVADA CHILD &amp; ADOLESCENT SERVICES</b>	7,206,902	8,520,998	7,364,025	-13.58	7,417,543	.73
GENERAL FUND	3,452,345	3,517,412	3,007,875	-14.49	3,212,852	6.81
INTER-AGENCY TRANSFER	3,966,262	4,940,423	4,280,116	-13.37	4,128,657	-3.54
OTHER FUND	76,034	63,163	76,034	20.38	76,034	
REVERSIONS	-287,739					
<b>HHS - SOUTHERN NEVADA CHILD &amp; ADOLESCENT SERVICES</b>	22,500,004	24,944,458	22,665,743	-9.14	22,832,716	.74
GENERAL FUND	10,489,192	10,854,527	9,651,452	-11.08	10,437,091	8.14
INTER-AGENCY TRANSFER	11,450,450	13,365,551	12,073,094	-9.67	11,437,813	-5.26
OTHER FUND	667,719	724,380	941,197	29.93	957,812	1.77
REVERSIONS	-107,357					
<b>TOTAL CHILD &amp; FAMILY SERVICES</b>	189,869,334	228,593,693	224,215,429	-1.92	231,563,721	3.28
GENERAL FUND	112,672,578	119,131,635	123,028,732	3.27	132,033,103	7.32
BALANCE FORWARD	-47,193	2,727,966	1,814,782	-33.47	1,846,687	1.76
FEDERAL FUND	45,220,436	61,968,560	58,699,406	-5.28	58,281,128	-.71
INTER-AGENCY TRANSFER	29,144,045	35,134,164	30,994,606	-11.78	30,032,136	-3.11
INTERIM FINANCE	656,491					
OTHER FUND	7,634,027	9,631,368	9,677,903	.48	9,370,667	-3.17
REVERSIONS	-5,411,050					
<b>EMPLOYMENT, TRAINING AND REHABILITATION</b>						
<b>DETR - ADMINISTRATION</b>	4,232,251	4,516,632	4,470,628	-1.02	4,532,218	1.38
BALANCE FORWARD	69,500	138,997	218,341	57.08	218,341	
FEDERAL FUND		36,534				
INTER-AGENCY TRANSFER	4,162,751	4,341,101	4,252,287	-2.05	4,313,877	1.45
<b>DETR - INFORMATION DEVELOPMENT AND PROCESSING</b>	7,620,991	7,893,453	8,190,489	3.76	8,164,660	-.32
BALANCE FORWARD	101,197	174,512	269,979	54.71	269,979	
FEDERAL FUND	6,842		27,775		27,358	-1.50
INTER-AGENCY TRANSFER	7,512,952	7,718,941	7,892,735	2.25	7,867,323	-.32
<b>DETR - RESEARCH &amp; ANALYSIS</b>	2,897,514	3,530,250	3,731,486	5.70	3,713,904	-.47
BALANCE FORWARD	142,495	142,561	184,341	29.31	171,591	-6.92
FEDERAL FUND	1,480,481	2,028,772	2,270,144	11.90	2,269,354	-.03
INTER-AGENCY TRANSFER	1,274,538	1,358,917	1,277,001	-6.03	1,272,959	-.32



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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DETR - EQUAL RIGHTS COMMISSION</b>	1,661,984	1,842,672	1,674,968	-9.10	1,583,298	-5.47
GENERAL FUND	1,227,539	1,269,311	949,668	-25.18	1,067,320	12.39
BALANCE FORWARD					5,141	
FEDERAL FUND	467,056	494,437	724,500	46.53	510,037	-29.60
INTER-AGENCY TRANSFER	23,947	78,870				
OTHER FUND	836	54	800	1,381.48	800	
REVERSIONS	-57,394					
<b>DETR - REHABILITATION ADMINISTRATION</b>	1,002,652	1,098,238	1,358,773	23.72	1,365,672	.51
GENERAL FUND	23,301	24,213	2,792	-88.47	2,809	.61
BALANCE FORWARD	49,018	51,387	68,653	33.60	68,653	
FEDERAL FUND	205,960	264,080	194,700	-26.27	195,579	.45
INTER-AGENCY TRANSFER	711,910	746,024	1,092,628	46.46	1,098,631	.55
OTHER FUND	12,463	12,534				
<b>DETR - DISABILITY ADJUDICATION</b>	11,715,574	13,787,115	13,016,095	-5.59	13,104,800	.68
FEDERAL FUND	11,715,558	13,787,115	13,016,095	-5.59	13,104,800	.68
OTHER FUND	16					
<b>DETR - VOCATIONAL REHABILITATION</b>	15,710,955	17,831,079	17,337,853	-2.77	17,270,812	-.39
GENERAL FUND	3,273,713	3,324,848	2,857,375	-14.06	2,843,042	-.50
BALANCE FORWARD	1,170,791	232,435	289,836	24.70	289,836	
FEDERAL FUND	11,367,749	14,106,765	14,182,405	.54	14,129,697	-.37
INTER-AGENCY TRANSFER	8,796	167,031	8,237	-95.07	8,237	
REVERSIONS	-110,094					
<b>DETR - SERVICES TO THE BLIND &amp; VISUALLY IMPAIRED</b>	4,803,058	5,290,666	4,925,682	-6.90	4,909,575	-.33
GENERAL FUND	1,212,454	1,229,817	999,065	-18.76	994,741	-.43
BALANCE FORWARD	1,195	45,054	77,358	71.70	77,357	-.00
FEDERAL FUND	3,678,501	3,903,290	3,831,323	-1.84	3,819,569	-.31
INTER-AGENCY TRANSFER	7,938	112,505	17,936	-84.06	17,908	-.16
REVERSIONS	-97,030					
<b>DETR - BLIND BUSINESS ENTERPRISE PROGRAM</b>	4,739,378	5,316,394	4,502,847	-15.30	4,219,311	-6.30
BALANCE FORWARD	2,508,615	2,762,851	2,892,911	4.71	2,599,053	-10.16
FEDERAL FUND	670,794	663,543				
OTHER FUND	1,559,969	1,890,000	1,609,936	-14.82	1,620,258	.64
<b>DETR - CLIENT ASSISTANCE PROGRAM</b>	175,683	189,651	177,410	-6.45	178,331	.52
FEDERAL FUND	175,683	189,651	177,410	-6.45	178,331	.52
<b>DETR - EMPLOYMENT SECURITY</b>	47,957,777	57,198,113	53,925,678	-5.72	53,657,478	-.50
BALANCE FORWARD	399,089	521,262	1,074,238	106.08	1,074,414	.02
FEDERAL FUND	45,761,703	54,635,630	50,345,890	-7.85	50,072,145	-.54
INTER-AGENCY TRANSFER	1,249,723	1,501,645	1,991,683	32.63	1,995,297	.18
OTHER FUND	547,262	539,576	513,867	-4.76	515,622	.34

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DETR - CAREER ENHANCEMENT PROGRAM</b>	21,513,539	22,360,434	20,996,830	-6.10	20,397,880	-2.85
BALANCE FORWARD	10,386,988	8,330,434	7,330,987	-12.00	6,120,915	-16.51
FEDERAL FUND	239,035					
INTER-AGENCY TRANSFER	10,054	15,000	411,602	2,644.01	376,969	-8.41
OTHER FUND	10,877,462	14,015,000	13,254,241	-5.43	13,899,996	4.87
<b>DETR - EMPLOYMENT SECURITY - SPECIAL FUND</b>	10,402,713	12,181,296	21,207,355	74.10	18,886,533	-10.94
BALANCE FORWARD	7,465,225	8,856,011	7,872,299	-11.11	6,722,647	-14.60
FEDERAL FUND	523,264	1,370,106	11,652,399	750.47	10,445,297	-10.36
OTHER FUND	2,414,224	1,955,179	1,682,657	-13.94	1,718,589	2.14
<b>TOTAL EMPLOYMENT, TRAINING AND REHABILITATION</b>	134,434,069	153,035,993	155,516,094	1.62	151,984,472	-2.27
GENERAL FUND	5,737,007	5,848,189	4,808,900	-17.77	4,907,912	2.06
BALANCE FORWARD	22,294,113	21,255,504	20,278,943	-4.59	17,617,927	-13.12
FEDERAL FUND	76,292,626	91,479,923	96,422,641	5.40	94,752,167	-1.73
INTER-AGENCY TRANSFER	14,962,609	16,040,034	16,944,109	5.64	16,951,201	.04
OTHER FUND	15,412,232	18,412,343	17,061,501	-7.34	17,755,265	4.07
REVERSIONS	-264,518					
<b>HUMAN SERVICES</b>						
GENERAL FUND	919,005,786	1,008,002,960	944,818,876	-6.27	1,063,535,663	12.57
BALANCE FORWARD	48,818,127	82,633,321	57,912,315	-29.92	54,170,296	-6.46
FEDERAL FUND	1,131,680,973	1,147,283,147	1,307,896,152	14.00	1,304,935,199	-.23
INTER-AGENCY TRANSFER	273,976,887	294,987,296	304,387,995	3.19	304,662,404	.09
INTERIM FINANCE	996,694					
OTHER FUND	258,070,024	265,873,451	265,978,256	.04	269,663,750	1.39
REVERSIONS	-45,423,900					
<b>TOTAL FOR HUMAN SERVICES</b>	2,587,124,591	2,798,780,175	2,880,993,594	2.94	2,996,967,312	4.03
Less: INTER-AGENCY TRANSFER	273,976,887	294,987,296	304,387,995	3.19	304,662,404	.09
<b>NET HUMAN SERVICES</b>	2,313,147,704	2,503,792,879	2,576,605,599	2.91	2,692,304,908	4.49

## **PUBLIC SAFETY**

The Department of Motor Vehicles, Department of Public Safety, Peace Officers Standards and Training, and the Department of Corrections constitute the Public Safety function.

The Governor recommends General Fund appropriations for the Public Safety function totaling \$292.2 million in FY 2008-10, a decrease of 15.6 percent compared to amounts authorized for FY 2008-09, and \$296.5 million in FY 2010-11, which represents an increase of 1.5 percent over amounts recommended in FY 2009-10. Amounts recommended from all funding sources, less interagency transfers, total \$621.1 million in FY 2009-10, a decrease of 18.2 percent compared to the previous year, and \$619.3 million in FY 2010-11, an additional decrease of 0.3 percent.

## **DEPARTMENT OF CORRECTIONS**

The Department of Corrections is governed by the Board of Prison Commissioners, which consists of the Governor, the Attorney General, and the Secretary of State. The Governor serves as chairperson of the board and appoints the director of the department. The department's facilities consist of nine major institutions, one restitution center, ten conservation camps, and one transitional housing facility.

The Executive Budget recommends General Fund support for the Department of Corrections in the amount of \$480.9 million, which is a decrease of \$64.3 million (11.8 percent) from the \$545.2 million approved for the 2007-09 biennium. The table below provides an overview of the FY 2007-08 actual and FY 2008-09 budget for the Department of Corrections as compared to the Governor's budget recommendations for the 2009-11 biennium.

	FY 2008 Actual	FY 2009 Work Program	FY 2010 Executive Budget	FY 2011 Executive Budget
Total Funding (millions) <sup>(a)</sup>	\$266.4	\$275.3	\$252.8	\$257.2
General Fund Support (millions)	\$253.2	\$251.4	\$238.4	\$242.5
Average Inmate Population	12,992	13,383	13,696	14,368
Annual Cost per Inmate	\$20,504	\$20,568	\$18,457	\$17,898
Positions (full-time equivalents)	2,925.52	2,980.01	2,751.01	2,754.01

<sup>(a)</sup> Operating budgets only – does not contain Offenders Store Fund or Prison Industries Fund.

## **INMATE POPULATION**

As of December 2008, the total in-house population reported by the department was 12,797 (544 inmates below the budgeted population for that month). Of this amount, the female inmate population was 197 inmates, or 16.8 percent, below the budgeted female population. The male inmate population was 347 inmates, or 2.9 percent, below the budgeted male population. Based upon a review by JFA Associates, the vendor that prepares the inmate population projection, the primary factors contributing to the decrease in the inmate population in calendar year 2008 as compared to the

March 2007 inmate population projection were a decrease in the growth rate of new commitments from court and an increase in the discretionary parole grant rate.

The projected average inmate population for FY 2009-10 is 13,696 and for FY 2010-11 is 14,368. This represents an average annual increase of 3.5 percent from the FY 2007-08 actual population. Considering the projected increase in the inmate population, The Executive Budget recommends additional funding of \$2.8 million in FY 2009-10 and \$4.4 million in FY 2010-11 for inmate-driven expenses.

#### **FACILITY CAPACITY**

The department's biennium plan for housing of inmates reflects a net increase of 386 beds to become operational over the 2009-11 biennium, consisting of the opening of 1,200 new beds, the reopening of 70 beds associated with remodeling projects, the opening of 92 beds above emergency capacity and the closure of 976 existing beds. Recommended increased funding for the operation of new facilities and recommended decreased funding due to the closure of some existing facilities include the following:

- General Fund appropriations of \$11.2 million over the 2009-11 biennium to fund the operation of two additional housing units (560 beds) included in High Desert State Prison Phase V, with a target opening date of September 2009. A total of 85 new positions are recommended to staff the expansion of this facility.
- General Fund appropriations of \$1.6 million over the 2009-11 biennium to fund the operation of the Three Lakes Valley (Indian Springs) Conservation Camp expansion (304 beds), with a target opening date of April 2010 for Phase I (94 beds) and August 2010 for Phase II (210 beds). A total of 15 new positions are recommended to staff the expansion of this facility.
- General Fund reductions of \$37.1 million over the 2009-11 biennium due to the proposed closure of Nevada State Prison effective July 1, 2009. A total of 841 beds are recommended for closure (137 close-custody, 684 medium-custody, and 20 minimum-custody beds). Included in the recommendation is the elimination of 208 positions.
- General Fund reductions of \$2.2 million over the 2009-11 biennium due to the proposed closure of the Tonopah Conservation Camp effective July 1, 2009. A total of 150 minimum-custody beds are recommended for closure, with 12 positions recommended for elimination. Funding to maintain the facility in mothball status is recommended by the Governor in the amount of \$105,631 (General Fund) over the 2009-11 biennium.

#### **STAFFING**

In addition to the position reductions associated with the closure of the Nevada State Prison and the Tonopah Conservation Camp, the Governor recommends the following position changes for the department:

- Continuation of the elimination of a Budget Analyst II position and a Purchasing Technician I position in the support services section of the Director's Office that were part of the budget reductions implemented in FY 2008-09. The department indicated at that time it expected a reduction in workload in the support services area due to

the closure of the Southern Nevada Correctional Center and the Silver Springs Conservation Camp effective July 2008.

- Elimination of one Recreation Specialist position due to the closure of Southern Nevada Correctional Center effective July 2008.
- Elimination of two positions in the Offenders' Store Fund, an Accounting Assistant I and an Administrative Aid. These positions are assigned to the inmate banking function, but the positions have been vacant for several years. A new automated inmate banking system was implemented in FY 2008 that the department indicated would allow it to manage those operations more efficiently.
- Elimination of one Prison Industry Supervisor position due to decreased sales in the mattress factory and the consolidation of supervisory duties with the department's garment factory.

#### **SUPPLEMENTAL APPROPRIATIONS**

Supplemental appropriations totaling \$6.2 million have been included in The Executive Budget for the department. This includes \$2.4 million for projected utilities expenses in excess of the budget for FY 2008-09. Also included is \$3.8 million for terminal leave payments and Public Employees' Retirement System purchase of service credit payments, in accordance with NRS 286.3007, for employees impacted by the proposed closure of Nevada State Prison and the Tonopah Conservation Camp effective July 1, 2009.

#### **OTHER FUNDING RECOMMENDATIONS**

Other significant funding recommendations for the department contained in The Executive Budget include the following:

- General Fund appropriations of \$1.2 million in FY 2009-10 and \$2.1 million in FY 2010-11 for inflationary increases in outside medical expenses, prescription drugs, dental supplies, medical supplies and prosthetics.
- Continuation of funding from General Fund appropriations for a second Warden and two additional Associate Warden positions at High Desert State Prison in the amount of \$330,666 in FY 2009-10 and \$335,344 in FY 2010-11.
- New and replacement equipment funding of \$847,132 over the 2009-11 biennium. The recommended amount includes funding for replacement of inmate footlockers (\$568,962), new and replacement equipment for inmate stores operations (\$158,978), replacement equipment for the inmate law libraries (\$58,280) and replacement equipment for Prison Industry programs (\$60,912).
- Funding from reserves in the Offenders Store Fund in the amount of \$158,317 for equipment and supplies to automate the inmate stores order entry and inventory tracking functions.
- General Fund appropriations of \$82,017 over the 2009-11 biennium to maintain the vacant Silver Springs Conservation Camp in a mothball status.
- Elimination of DUI treatment program funding in the amount of \$188,416 (General Fund) in each year of the 2009-11 biennium. This represents a continuation of the budget reduction implemented in FY 2009 when the department elected to not execute a new contract for operation of the program due to low enrollment.

- General Fund appropriations of \$817,481 over the 2009-11 biennium to maintain minimal operations at Southern Nevada Correctional Center until such time the facility is reopened. The Executive Budget indicates that plans to lease the facility are in progress, and included in the Governor's recommendations is receipt of contract revenue of \$5.475 million per year for leasing the facility. This revenue estimate assumes the facility will be leased effective July 1, 2009, and represents the net of revenue and expenditures of \$25 per bed per day, although the department indicates negotiations with a potential vendor have not been completed. This recommendation reduces the need for General Fund appropriations in the Director's Office budget by the same amount.

### **CAPITAL IMPROVEMENTS**

Capital improvements for the Department of Corrections recommended by the Governor include \$282.5 million for construction projects, \$6.7 million for maintenance projects, \$4.0 million for planning projects and \$295,907 for a statewide American with Disabilities Act (ADA) project. Of these amounts, \$293.2 million is recommended to be funded with general obligation bonds and \$295,907 is recommended to be funded from the Prison Industry Fund.

#### **Recommended Capital Improvement Program Projects for Department of Corrections**

<b>Project Number</b>	<b>Facility</b>	<b>Project Title</b>	<b>Project Amount</b>
<b>Construction Projects:</b>			
09-C01	Prison No. 8 and Regional Medical Facility (RMF)	Prison No. 8 and RMF Construction	\$221,040,341
09-C02	Warm Springs Correctional Center (WSCC)	WSCC-New Housing Unit and Core Upgrade	\$43,493,102
09-C03	Southern Desert Correctional Center (SDCC)	SDCC Core Expansion	\$17,966,308
<b>Construction Projects Total</b>			<b>\$282,499,751</b>
<b>Maintenance Projects:</b>			
09-M07	Northern Nevada Correctional Center	Replace Flooring in RMF	\$479,135
09-M10	Humboldt Conservation Camp	Arsenic Treatment System	\$591,447
09-M11	Southern Desert Correctional Center	Replace Doors, Locks, Control Panels	\$3,757,427
09-M12	Lovelock Correctional Center	Renovate Boiler #3	\$331,787
09-M13	Southern Desert Correctional Center	Replace Boiler #2	\$526,527
09-M19	Northern Nevada Correctional Center	RMF Water Heater Replacement	\$81,057
09-M26	Northern Nevada Correctional Center	Replace Door Controls	\$383,915
09-M28	Northern Nevada Correctional Center	Sanitary Sewer System Upgrades	\$580,226
<b>Maintenance Projects Total</b>			<b>\$6,731,521</b>
<b>Advance Planning Projects:</b>			
09-P01	Warm Springs Correctional Center	Feasibility, Programming and Master Planning	\$308,626
09-P02	Southern Nevada Correctional Center (SNCC)	SNCC Expansion – Advance Planning	\$3,688,892
<b>Advance Planning Projects Total</b>			<b>\$3,997,518</b>
<b>Statewide Projects:</b>			
09-S02p	Northern Nevada Correctional Center	ADA Retrofit Shop Buildings	\$295,907
<b>Statewide Projects Total</b>			<b>\$295,907</b>
<b>Total All Projects</b>			<b>\$293,524,697</b>

## **DEPARTMENT OF MOTOR VEHICLES**

The Department of Motor Vehicles (DMV) provides vehicle registrations, driver's licensing, motor carrier services, motor and special fuel tax reporting, emission control and verification of insurance functions, and for compliance and enforcement of Nevada laws concerning automobile wreckers and body shops. The Executive Budget recommends funding as outlined in the following table, excluding supplemental appropriations.

	<b>Legislature Approved 2007-09 Biennium</b>		<b>Governor Recommends 2009-11 Biennium</b>		<b>Increase / (Decrease)</b>	
General Fund	\$ 42,644	0.0%	\$ 36,460	0.0%	\$ (6,184)	-14.5%
Balance Forward	\$ 6,217,183	2.2%	\$ 4,245,275	1.6%	\$ (1,971,908)	-31.7%
Federal Fund	\$ -	0.0%	\$ -	0.0%	\$ -	
Highway Fund	\$ 103,537,307	35.9%	\$ 145,954,489	54.4%	\$ 42,417,182	41.0%
Interagency Transfer	\$ 27,430,474	9.5%	\$ 3,078,566	1.1%	\$ (24,351,908)	-88.8%
Other Fund	\$ 151,261,375	52.4%	\$ 115,228,555	42.9%	\$ (36,032,820)	-23.8%
<b>Total DMV</b>	<b>\$ 288,488,983</b>	<b>100.0%</b>	<b>\$ 268,543,345</b>	<b>100.0%</b>	<b>\$ (19,945,638)</b>	<b>-6.9%</b>
Less Interagency Transfer	\$ (27,430,474)		\$ (3,078,566)		\$ 24,351,908	
<b>Net DMV</b>	<b>\$ 261,058,509</b>		<b>\$ 265,464,779</b>		<b>\$ 4,406,270</b>	<b>1.7%</b>

The Executive Budget recommends supplemental appropriations from the Highway Fund of \$3.2 million as follows:

<b>Budget Account</b>	<b>Explanation</b>	<b>FY 2008-09</b>
Hearings	Increase in the mileage rate paid to witnesses appearing at hearings	\$ 7,305
Field Services	Revenue shortfalls in governmental sales tax commissions and penalties	\$ 1,340,905
Central Services	Revenue shortfalls in full sales tax commissions and records search charges	\$ 446,031
Administrative Services	Revenue shortfalls in title processing fees due to the economic slowdown	\$ 1,410,427
<b>TOTAL SUPPLEMENTAL APPROPRIATIONS</b>		<b>\$ 3,204,668</b>

## **DIRECTOR'S OFFICE**

The Director's Office establishes policy for the department and directs and controls the operations of the agency. Since approval by the 2003 Legislature, the Director's Office has included funding for the continuation and expansion of the kiosk project. As of January 2009, the agency reports 26 kiosks installed and operational in 20 locations across the state, including DMV offices and AAA locations. The kiosks provide services including registration renewals, driver's license renewals, insurance verification reinstatements, and driver history printouts. For FY 2007-08, the department reported 277,227 kiosk transactions compared to 242,654 for FY 2006-07, an increase of more than 14 percent. The Executive Budget includes \$3.9 million over the 2009-11 biennium to continue the use of kiosks, which represents a \$1.3 million decrease from the 2007-09 biennium due to a new kiosk vendor contract and an associated reduction in transaction costs.

Total funding for the Director's Office account is recommended to decrease from \$6.2 million in FY 2008-09 to \$4.8 million in FY 2009-10 and \$5.1 million in FY 2010-11, primarily due to reduced operating costs associated with the kiosk program and reductions in salaries and benefits.

## **REAL ID**

The REAL ID Act was signed into law by President Bush on May 11, 2005, creating national standards for issuing state driver's licenses and identification cards, and originally requiring each state to issue REAL ID-compliant driver's licenses and identification cards by May 11, 2008. The Department of Homeland Security (DHS) released the final rule for the REAL ID Act on January 11, 2008, which allows for a phased approach to implementation, extending deadlines, providing for risk-based (age-based) enrollment, increasing flexibility for states, and making federal grants available.

In FY 2007-08, the state applied for, and the DHS granted, an extension to achieve material compliance by December 31, 2009. In FY 2008-09, the DHS awarded an approximate \$1.7 million REAL ID Demonstration Grant to the state, with an additional \$1.2 million awarded for Nevada to collaborate with the lead state (Mississippi) and other lead pilot project states (Indiana and Florida) in the development of a REAL ID Verification HUB. The federal grants will allow the department to accomplish tasks in order to achieve material compliance by December 31, 2009, and full compliance by May 11, 2011.

The Executive Budget recommends Highway Fund appropriations of \$904,592 in FY 2009-10 and \$596,906 in FY 2010-11. This funding will provide for a public education campaign focused on REAL ID requirements, regulation development, completion of field office modifications, augmentation of the existing centralized call center to assist with the anticipated increase in the volume of calls related to REAL ID, and identity verification costs.

## **HEARINGS**

The Hearings Office is responsible for administrative hearings on issues ranging from the suspension or revocation of driving privileges and vehicle registrations to the revocation or suspension of licenses to conduct business involving motor vehicles in Nevada. The Executive Budget includes increases in Highway Funds of \$95,313 in FY 2009-10 and \$106,531 in FY 2010-11 to add one DUI Adjudicator and one Legal Secretary to enable the agency to schedule DUI hearings in a timely manner.

## **AUTOMATION**

The Automation Unit provides data processing, programming and technical personal computer support for the DMV. The Executive Budget recommends a revision in funding for Automation by replacing \$9.3 million in Transfers from the Records Search account and \$815,344 in Miscellaneous revenue over the 2009-11 biennium with Highway Fund appropriations of \$5.0 million each year. This change in funding methodology reduces the dependence on revenue streams and subjects a greater portion of funding in this budget to the 22 percent cap on Highway Fund proceeds available to fund the department's total operating budget. In conjunction with this change, the Governor proposes legislation to modify the calculation of the 22 percent cap.



change, the Governor proposes legislation to modify the calculation of the 22 percent cap.

The Governor also recommends Highway Fund appropriations of \$60,784 in FY 2009-10 and \$58,784 in FY 2010-11 for completing the statewide backbone, implementing fiber cable at the major metropolitan offices and eliminating existing T-1 connections once the fiber installations are completed. Other recommendations include approximately \$1.0 million over the biennium for replacement equipment, including upgrades to existing phone switches and computer hardware and software.

Total funding is recommended to decrease from \$11.4 million in FY 2008-09 to \$9.3 million in FY 2009-10 and \$9.4 million in FY 2010-11, primarily due to decreases in DoIT facility charges and reductions in salaries and benefits.

### **ADMINISTRATIVE SERVICES**

The Administrative Services Division provides support services, including fiscal and purchasing services, contract management and revenue and bad debt service, to the director and other divisions of the department. The Executive Budget recommends a revision in funding for the Administrative Services division over the 2009-11 biennium by reducing \$7.9 million in fees paid by purchasers and lessees on all new, used and rebuilt vehicle sales and leases, as well as private-party sales, and adding Highway Fund appropriations in the same amount. The Governor also recommends a reduction of \$77,484 in Highway Funds over the 2009-11 biennium by eliminating one Supply Technician in the purchasing section.

Total funding for Administrative Services is recommended to decrease from \$11.9 million in FY 2008-09 to \$10.7 million in FY 2009-10 and to \$10.9 million in FY 2010-11, primarily due to decreases in service charges imposed on electronic payments made by credit card, driver's license photos, and reductions in salaries and benefits.

### **MOTOR VEHICLE POLLUTION CONTROL**

The Motor Vehicle Pollution Control budget is responsible for ensuring compliance with *Nevada Revised Statutes* and the Nevada Administrative Code as they relate to vehicle emission standards in counties whose population equals or exceeds 100,000 (Clark and Washoe Counties). Revenue generated from fees charged for every vehicle receiving a smog certificate supports the enforcement effort. *Nevada Revised Statutes* 445B.830 requires a minimum reserve level in the Pollution Control account of \$1.0 million. Reserve levels in excess of the statutory limit may be applied for, and expended, with the approval of the Interim Finance Committee.

The Executive Budget recommends a net transfer from the reserve of \$46,929 in FY 2009-10 and \$36,957 in FY 2010-11 to add one Supervisory Compliance Enforcement Investigator. Included with this recommendation is a reduction of

approximately \$71,000 each year in the cost allocation transfers to the Compliance Enforcement account to provide for supervision over the Pollution Control program. The Governor also recommends the transfer of \$262,136 from the reserve over the 2009-11 biennium to fund an advertising campaign in Clark and Washoe Counties related to a Smoking Vehicle Hotline.

Total funding has decreased from \$11.7 million in FY 2008-09 to \$10.1 million in FY 2009-10 and \$10.6 million in FY 2010-11.

### **CENTRAL SERVICES**

The Central Services Division provides for alternative services for DMV customers (i.e., mail renewals, internet, web and telephone transactions for driver's license and registration renewals). The Governor recommends a revision in funding for Central Services over the 2009-11 biennium by eliminating \$9.3 million in Transfers from the Records Search account and replacing this funding with Highway Fund appropriations in the same amount.

The Executive Budget also recommends eliminating six DMV Services Technician positions related to the Registration Renewal by Mail (three positions), Call Center (one position), and Title Section – Night Shift (two positions) functions. Additionally, the Governor recommends the transfer of one DMV Services Technician to Compliance Enforcement as a result of implementing the central issuance process.

Total funding is recommended to decrease from \$15.8 million in FY 2008-09 to \$13.9 million in FY 2009-10 and \$14.1 million in FY 2010-11.

### **FIELD SERVICES**

The Field Services Division is responsible for the direct customer service operations of the driver's licensing and vehicle registration functions. As is the case in the Automation, Administrative Services, and Central Services accounts, The Executive Budget recommends a revision in funding for Field Services over the 2009-11 biennium by replacing \$9.6 million in Penalty and Agreement Income revenues with Highway Fund appropriations in the same amount.

The Governor also recommends the elimination of funding for the field offices in North Las Vegas and Fernley, which were approved by the 2007 Legislature but never established due to budget reductions in response to declining revenues. Other recommendations include \$805,070 in Highway Funds over the 2009-11 biennium for new and replacement equipment, including pin pads, computer hardware, and software.

Total funding for Field Services is recommended to decrease from \$50.6 million in FY 2008-09 to \$44.5 million in FY 2009-10 and to \$44.7 million in FY 2010-11, primarily due to the elimination of positions and reductions in salaries and benefits.

## **MOTOR CARRIER**

The Motor Carrier Division is responsible for the collection of gasoline and special fuel taxes, registration fees, and Governmental Services Tax for licensing of vehicles in excess of 26,000 pounds. The Governor's recommendation for the 2009-11 biennium includes a revision in funding for the Motor Carrier account over the 2009-11 biennium by replacing \$1.0 million in Administration Fee revenues with Highway Fund appropriations in the same amount. The Governor also recommends the elimination of one Administrative Assistant position.

Total funding for Motor Carrier is recommended to decrease from \$4.9 million in FY 2008-09 to \$4.0 million in each year of the biennium.

## **DEPARTMENT OF PUBLIC SAFETY**

The Department of Public Safety (DPS) includes the Highway Patrol, the Division of Investigations, Narcotics Control, Parole and Probation, Emergency Management, Fire Marshal, Capitol Police, Training, Administrative Services, Technology, Office of Traffic Safety, Parole Board, and State Emergency Response Commission.

### **DIVISION OF EMERGENCY MANAGEMENT**

The Division of Emergency Management is responsible for coordinating the efforts of the state, local jurisdictions, volunteer organizations, and tribal nations in reducing the impact of emergencies. The Executive Budget recommends the consolidation of the Division of Emergency Management administration account with the division's grant pass-through account. The Executive Budget also recommends the elimination of one Communications Systems Specialist.

### **STATE FIRE MARSHAL**

The State Fire Marshal is primarily responsible for enforcing laws associated with the prevention of fires, the storage of combustible and other hazardous materials and explosives, inspections of buildings for fire and safety compliance, building plan reviews, and fire-related investigations. The Executive Budget recommends total funding of \$3.2 million in FY 2009-10 and \$3.1 million in FY 2010-11. The division is supported with General Funds of \$2.4 million over the 2009-11 biennium, the same level approved for the 2007-09 biennium.

The Executive Budget recommends the elimination of six positions, corresponding with reductions in General Funds and revenue generated from the issuance of certificates and plan review fees. The positions include: one Professional Engineer Supervisor, two Fire and Life Safety Inspectors, two Plans Examiners, and one DPS Officer. Duties associated with plan reviews are recommended to be performed under contract during

the 2009-11 biennium. The Executive Budget also recommends the elimination of one Education and Information Officer and one Administrative Assistant.

### **NEVADA HIGHWAY PATROL**

The Highway Patrol enforces the traffic laws of the state, investigates traffic accidents, enforces and regulates motor carriers transporting cargo and hazardous materials. The Executive Budget recommends \$1.1 million in Highway Funds over the biennium for replacement equipment. The Executive Budget also recommends Highway Funds of \$2.4 million in FY 2009-10 for replacement fleet vehicles.

### **DIGNITARY PROTECTION**

The Dignitary Protection Detail provides security to the Governor of the state of Nevada and family. The Executive Budget recommends the elimination of one DPS Officer position.

### **DIVISION OF INVESTIGATIONS**

The Division of Investigations provides criminal and controlled substance investigation services to the state, county and local law enforcement agencies on request. The Executive Budget recommends the elimination of 6 DPS Officers that perform criminal investigative work. The Executive Budget recommends the transfer of 28 positions (less 3 DPS Officers recommended for elimination) and associated expenses supporting narcotics task forces from the Narcotics Control account to provide greater efficiency and flexibility in the use of resources within the Investigations Division.

The Executive Budget recommends the transfer of one Intelligence Analyst position and associated expenses from the Office of Homeland Security for the transition of the Nevada Threat Analysis Center (NTAC) operations to the Division of Investigations.

### **PAROLE AND PROBATION**

The mission of the Parole and Probation Division is to monitor and enforce offenders' compliance with the conditions of their community supervision, assist offenders in successfully reintegrating into society, and ensure objective sentencing information and recommendations to the district courts of Nevada.

The Executive Budget recommends a reduction in total funding from \$99.6 million for the 2007-09 biennium to \$87.5 million over the 2009-11 biennium, which is a decrease of 12.1 percent. General Funds totaling \$80.7 million are recommended over the 2009-11 biennium, which represents a decrease of 10.1 percent (\$9.1 million) from General Funds approved for the 2007-09 biennium. Decreases in funding are due in part to an overall decrease of 67 positions recommended in the budget.

The following chart depicts historical caseloads since FY 2005-06 and projected caseloads for the 2009-11 biennium:

	Actual			Projected		
Work Units	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Pre-sentence	4,481	4,393	4,466	4,342	4,405	4,441
General Supervision	9,733	11,620	11,094	11,203	11,765	12,011
Intensive Supervision	987	1,206	1,174	1,003	1,056	1,079
Sex Offenders	588	974	984	1,006	1,055	1,087
Central Office *	5,677	5,443	5,623	5,737	6,022	6,102
Miscellaneous	781	675	613	636	635	632
<b>Total</b>	<b>22,247</b>	<b>24,311</b>	<b>23,954</b>	<b>23,927</b>	<b>24,938</b>	<b>25,352</b>
Percent Change		9.3%	-1.5%	-0.1%	4.2%	1.7%

\* Includes warrants, interstate compact out and pre-release cases

Based upon approved officer to offender ratios and projected changes in caseload, 18 positions are recommended for elimination in The Executive Budget, which includes General Fund decreases of \$900,819 in FY 2009-10 and \$1.0 million in FY 2010-11. Eight of the positions, which are sworn, would be eliminated from the Las Vegas office and 10 positions, including 6 sworn positions, would be eliminated from the Reno office. The Executive Budget restores 14 of the 57 positions recommended for elimination that were vacant through the end of FY 2008-09. The restored positions are sworn positions that supervise parole and probation offenders. The Executive Budget recommends the elimination of 6 positions (all non-sworn) in addition to those positions that were vacant through FY 2008-09.

The Executive Budget also recommends a General Fund appropriation of \$317,884 in FY 2009-10 for the relocation of the Reno office staff and operations.

### **PAROLE BOARD**

The Parole Board, consisting of six members and a chairman, was established to provide parole hearings and conduct revocation hearings for persons accused of violating parole. To assist the board in meeting hearing requirements, NRS 213.133 permits the board to appoint and utilize hearing representatives who hear, consider, and act upon applications subject to final approval of a majority of the board members.

The Executive Budget for the Parole Board totals approximately \$2.4 million in each year of the 2009-11 biennium, compared with \$1.9 million approved by the Legislature in FY 2008-09. The Parole Board is entirely supported by the General Fund, and it is

currently authorized for 28 positions, which includes the continuation of 9 positions approved by the Interim Finance Committee in November 2007 to address an increased number of hearings resulting from the passage of A.B. 510 and S.B. 471 during the 2007 Session.

### **TECHNOLOGY DIVISION**

This budget account centralizes computer-related operations within the Department of Public Safety to achieve program integrity. Funding to support the operations of the division is generated through user fees based on system and programmer utilization. Network support costs are reimbursed based on the number of personal computers per division. The Executive Budget recommends the elimination of three Information Technology Professional positions responsible for applications programming.

Total funding, consisting of allocations to other budgets within the department, is recommended to decrease by approximately \$3.2 million over the 2009-11 biennium when compared to total funding approved by the Legislature for the 2007-09 biennium.

### **TRAINING DIVISION**

The Training Division provides basic law enforcement training for newly-hired cadets and continuing education and career development for tenured sworn personnel. The division is supported with General Fund and Highway Fund appropriations. The Executive Budget recommends the transfer of 17 positions and associated costs to consolidate the Peace Officers Standards and Training (POST) Commission with the Training Division to form a combined peace officer training function under the Department of Public Safety. The Executive Budget recommends the elimination of 4 positions transferred from the POST Commission and 1 position from the Training Division based on efficiencies resulting from the consolidation.

In addition to the recommendation to consolidate the Training Division and the POST Commission, The Executive Budget recommends the closure of the southern Academy facility in Las Vegas and elimination of two positions assigned to the southern Academy.

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>PUBLIC SAFETY</b>						
<b>PEACE OFFICERS STANDARDS &amp; TRAINING</b>						
<b>PEACE OFFICERS STANDARDS &amp; TRAINING COMMISSION</b>	3,120,260	4,362,283				
BALANCE FORWARD	-86,456	375,502				
INTER-AGENCY TRANSFER	5,232					
OTHER FUND	3,350,225	3,986,781				
REVERSIONS	-148,741					
<b>TOTAL PEACE OFFICERS STANDARDS &amp; TRAINING</b>	3,120,260	4,362,283				
BALANCE FORWARD	-86,456	375,502				
INTER-AGENCY TRANSFER	5,232					
OTHER FUND	3,350,225	3,986,781				
REVERSIONS	-148,741					
<b>DEPARTMENT OF CORRECTIONS</b>						
<b>NDOC-P&amp;P-PAROLE BO-IFC PROGRAMS</b>	1,203,694	3,661,516				
GENERAL FUND	2,682,976	3,661,516				
REVERSIONS	-1,479,282					
<b>NDOC - DIRECTOR'S OFFICE</b>	19,215,026	22,772,633	18,548,469	-18.55	20,128,157	8.52
GENERAL FUND	17,808,041	18,201,969	10,216,863	-43.87	11,598,928	13.53
BALANCE FORWARD	-9,968	30,236				
FEDERAL FUND	2,779,880	3,418,445	2,779,880	-18.68	2,779,880	
INTER-AGENCY TRANSFER	-126,536	863,438	25,000	-97.10	25,000	
INTERIM FINANCE	393,065	197,366				
OTHER FUND	111,370	61,179	5,526,726	8,933.70	5,724,349	3.58
REVERSIONS	-1,740,826					
<b>NDOC - PRISON MEDICAL CARE</b>	42,559,709	47,458,449	42,577,045	-10.29	44,456,090	4.41
GENERAL FUND	40,512,728	43,242,510	41,426,638	-4.20	43,253,066	4.41
INTER-AGENCY TRANSFER	2,101,531	4,104,922	1,072,389	-73.88	1,125,006	4.91
OTHER FUND	102,020	111,017	78,018	-29.72	78,018	
REVERSIONS	-156,570					
<b>NDOC - CORRECTIONAL PROGRAMS</b>	6,357,127	8,247,490	6,798,905	-17.56	6,837,952	.57
GENERAL FUND	6,254,419	6,441,088	6,156,699	-4.42	6,193,336	.60
BALANCE FORWARD	263	535				
FEDERAL FUND	237,822	757,014	228,181	-69.86	228,181	
INTER-AGENCY TRANSFER	-116,839	1,045,253	410,425	-60.73	412,835	.59
OTHER FUND	1,700	3,600	3,600		3,600	
REVERSIONS	-20,238					
<b>NDOC - ELY STATE PRISON</b>	26,938,163	30,017,879	27,049,856	-9.89	27,215,082	.61
GENERAL FUND	27,739,091	28,822,859	26,970,075	-6.43	27,134,916	.61
INTER-AGENCY TRANSFER	-761,418	1,112,448	10,792	-99.03	10,792	
OTHER FUND	48,037	82,572	68,989	-16.45	69,374	.56
REVERSIONS	-87,547					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NDOC - HIGH DESERT STATE PRISON</b>	33,719,026	46,114,054	46,966,318	1.85	46,465,936	-1.07
GENERAL FUND	31,611,682	43,652,764	46,281,942	6.02	45,740,694	-1.17
INTER-AGENCY TRANSFER	1,990,704	2,344,009	367,599	-84.32	385,423	4.85
INTERIM FINANCE	253,328					
OTHER FUND	219,349	117,281	316,777	170.10	339,819	7.27
REVERSIONS	-356,037					
<b>NDOC - NORTHERN NEVADA CORRECTIONAL CENTER</b>	24,872,177	26,151,677	23,862,444	-8.75	24,048,651	.78
GENERAL FUND	22,716,645	23,900,692	23,281,510	-2.59	23,458,436	.76
INTER-AGENCY TRANSFER	1,885,654	1,256,053	181,834	-85.52	186,270	2.44
OTHER FUND	491,813	994,932	399,100	-59.89	403,945	1.21
REVERSIONS	-221,935					
<b>NDOC - NEVADA STATE PRISON</b>	18,623,935	19,307,939				
GENERAL FUND	18,224,728	18,356,455				
INTER-AGENCY TRANSFER	460,290	887,362				
OTHER FUND	53,825	64,122				
REVERSIONS	-114,908					
<b>NDOC - SOUTHERN DESERT CORRECTIONAL CENTER</b>	20,962,894	22,559,217	21,485,716	-4.76	21,265,515	-1.02
GENERAL FUND	19,576,481	21,303,579	21,017,613	-1.34	20,792,468	-1.07
INTER-AGENCY TRANSFER	1,072,581	884,304	24,806	-97.19	24,806	
OTHER FUND	410,027	371,334	443,297	19.38	448,241	1.12
REVERSIONS	-96,195					
<b>NDOC - LOVELOCK CORRECTIONAL CENTER</b>	24,088,589	25,982,108	23,360,473	-10.09	23,208,792	-.65
GENERAL FUND	23,971,928	24,693,154	23,270,430	-5.76	23,118,259	-.65
INTER-AGENCY TRANSFER	358,378	1,174,351	20,475	-98.26	20,475	
OTHER FUND	68,476	114,603	69,568	-39.30	70,058	.70
REVERSIONS	-310,193					
<b>NDOC - SOUTHERN NEVADA CORRECTIONAL CENTER</b>	11,880,430	10,096,126	415,467	-95.88	402,014	-3.24
GENERAL FUND	11,870,326	12,303,433	415,467	-96.62	402,014	-3.24
INTER-AGENCY TRANSFER	451,587	-2,207,307				
OTHER FUND	9,057					
REVERSIONS	-450,540					
<b>NDOC - WARM SPRINGS CORRECTIONAL CENTER</b>	7,075,850	9,012,302	8,391,854	-6.88	8,574,700	2.18
GENERAL FUND	6,984,009	6,927,129	8,354,403	20.60	8,521,406	2.00
INTER-AGENCY TRANSFER	48,362	2,014,923				
OTHER FUND	67,819	70,250	37,451	-46.69	53,294	42.30
REVERSIONS	-24,340					
<b>NDOC - FLORENCE MCCLURE WOMENS CORRECTIONAL CENTER</b>	10,310,368	15,186,287	14,508,087	-4.47	14,598,143	.62
GENERAL FUND	12,038,812	14,702,506	14,430,796	-1.85	14,518,216	.61
INTER-AGENCY TRANSFER	-1,775,672	423,539	305	-99.93	305	
OTHER FUND	92,217	60,242	76,986	27.79	79,622	3.42
REVERSIONS	-44,989					



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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>NDOC - CASA GRANDE TRANSITIONAL HOUSING</b>	4,098,867	5,066,666	4,929,336	-2.71	4,976,523	.96
GENERAL FUND	2,785,299	2,883,523	3,437,162	19.20	3,530,821	2.72
INTER-AGENCY TRANSFER	495,948	427,738	32,167	-92.48	32,167	
OTHER FUND	925,575	1,755,405	1,460,007	-16.83	1,413,535	-3.18
REVERSIONS	-107,955					
<b>NDOC - NORTHERN NEVADA RESTITUTION CENTER</b>	1,036,088	1,137,227	1,077,207	-5.28	1,089,734	1.16
GENERAL FUND	580,845	614,429	606,619	-1.27	576,365	-4.99
INTER-AGENCY TRANSFER	34,815	45,403				
OTHER FUND	470,588	477,395	470,588	-1.43	513,369	9.09
REVERSIONS	-50,160					
<b>NDOC - STEWART CONSERVATION CAMP</b>	1,727,615	1,769,803	1,681,692	-4.98	1,674,551	-.42
GENERAL FUND	1,646,139	1,646,886	1,595,465	-3.12	1,591,438	-.25
FEDERAL FUND	20,000					
INTER-AGENCY TRANSFER	4,755	68,389				
OTHER FUND	69,221	54,528	86,227	58.13	83,113	-3.61
REVERSIONS	-12,500					
<b>NDOC - PIOCHE CONSERVATION CAMP</b>	1,553,258	1,697,531	1,663,540	-2.00	1,661,566	-.12
GENERAL FUND	1,580,805	1,613,388	1,639,190	1.60	1,638,140	-.06
INTER-AGENCY TRANSFER	-43,725	65,725				
OTHER FUND	22,585	18,418	24,350	32.21	23,426	-3.79
REVERSIONS	-6,407					
<b>NDOC - THREE LAKES VALLEY CONSERVATION CAMP</b>	2,192,463	2,544,515	2,674,975	5.13	3,762,921	40.67
GENERAL FUND	2,129,796	2,435,959	2,646,319	8.64	3,712,271	40.28
INTER-AGENCY TRANSFER	97,211	93,493				
OTHER FUND	25,188	15,063	28,656	90.24	50,650	76.75
REVERSIONS	-59,732					
<b>NDOC - WELLS CONSERVATION CAMP</b>	1,206,002	1,332,943	1,259,011	-5.55	1,258,709	-.02
GENERAL FUND	1,211,061	1,260,021	1,235,891	-1.92	1,236,360	.04
INTER-AGENCY TRANSFER	1,237	52,072				
OTHER FUND	20,962	20,850	23,120	10.89	22,349	-3.33
REVERSIONS	-27,258					
<b>NDOC - HUMBOLDT CONSERVATION CAMP</b>	1,378,831	1,870,709	1,343,561	-28.18	1,342,977	-.04
GENERAL FUND	1,445,539	1,800,289	1,322,659	-26.53	1,322,772	.01
INTER-AGENCY TRANSFER	-69,700	53,607				
OTHER FUND	19,648	16,813	20,902	24.32	20,205	-3.33
REVERSIONS	-16,656					
<b>NDOC - ELY CONSERVATION CAMP</b>	1,352,143	1,356,351	1,342,636	-1.01	1,342,125	-.04
GENERAL FUND	1,277,058	1,287,028	1,322,901	2.79	1,323,047	.01
INTER-AGENCY TRANSFER	61,772	51,979				
OTHER FUND	18,946	17,344	19,735	13.79	19,078	-3.33
REVERSIONS	-5,633					

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<b>NDOC - JEAN CONSERVATION CAMP</b>	1,640,670	1,730,752	1,512,254	-12.62	1,519,660	.49
GENERAL FUND	1,539,751	1,581,160	1,489,215	-5.82	1,496,621	.50
INTER-AGENCY TRANSFER	120,736	58,551				
OTHER FUND	34,386	91,041	23,039	-74.69	23,039	
REVERSIONS	-54,203					
<b>NDOC - SILVER SPRINGS CONSERVATION CAMP</b>	1,230,544	1,319,219	40,991	-96.89	41,026	.09
GENERAL FUND	1,291,247	1,319,219	40,991	-96.89	41,026	.09
INTER-AGENCY TRANSFER	-62,747					
OTHER FUND	25,196					
REVERSIONS	-23,152					
<b>NDOC - CARLIN CONSERVATION CAMP</b>	1,218,730	1,492,765	1,237,660	-17.09	1,239,848	.18
GENERAL FUND	1,234,246	1,420,860	1,218,487	-14.24	1,221,314	.23
INTER-AGENCY TRANSFER	17,918	52,752				
OTHER FUND	17,639	19,153	19,173	.10	18,534	-3.33
REVERSIONS	-51,073					
<b>NDOC - TONOPAH CONSERVATION CAMP</b>	1,145,901	1,234,968	52,803	-95.72	52,829	.05
GENERAL FUND	1,231,978	1,171,674	52,803	-95.49	52,829	.05
INTER-AGENCY TRANSFER	-30,744	45,303				
OTHER FUND	18,069	17,991				
REVERSIONS	-73,402					
<b>NDOC - OFFENDERS' STORE FUND</b>	14,485,920	18,497,959	18,824,745	1.77	19,861,190	5.51
BALANCE FORWARD	-52,988	3,289,942	3,503,947	6.50	3,855,953	10.05
OTHER FUND	14,538,908	15,208,017	15,320,798	.74	16,005,237	4.47
<b>NDOC - INMATE WELFARE ACCOUNT</b>	3,239,504	4,824,331	4,666,105	-3.28	4,811,332	3.11
BALANCE FORWARD	-313,177	1,220,391	936,242	-23.28	901,476	-3.71
INTER-AGENCY TRANSFER	2,922,124	3,066,477	3,080,466	.46	3,231,610	4.91
OTHER FUND	630,557	537,463	649,397	20.83	678,246	4.44
<b>NDOC - PRISON INDUSTRY</b>	5,806,829	7,370,096	7,239,859	-1.77	7,591,492	4.86
BALANCE FORWARD	52,385	1,508,703	1,753,756	16.24	2,086,983	19.00
INTER-AGENCY TRANSFER		48,000	48,000		48,000	
OTHER FUND	5,754,444	5,813,393	5,438,103	-6.46	5,456,509	.34
<b>NDOC - PRISON DAIRY</b>	1,437,743	1,715,680	1,668,783	-2.73	1,592,930	-4.55
BALANCE FORWARD	-113,686	203,998	275,282	34.94	197,329	-28.32
OTHER FUND	1,551,429	1,511,682	1,393,501	-7.82	1,395,601	.15
<b>TOTAL DEPARTMENT OF CORRECTIONS</b>	292,558,096	341,529,192	285,179,792	-16.50	291,020,445	2.05
GENERAL FUND	259,945,630	285,244,090	238,430,138	-16.41	242,474,743	1.70
BALANCE FORWARD	-437,171	6,253,805	6,469,227	3.44	7,041,741	8.85
FEDERAL FUND	3,037,702	4,175,459	3,008,061	-27.96	3,008,061	
INTER-AGENCY TRANSFER	9,138,222	18,032,784	5,274,258	-70.75	5,502,689	4.33
INTERIM FINANCE	646,393	197,366				
OTHER FUND	25,819,051	27,625,688	31,998,108	15.83	32,993,211	3.11
REVERSIONS	-5,591,731					

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<b>DEPARTMENT OF MOTOR VEHICLES</b>						
<b>DMV - DIRECTOR'S OFFICE</b>	5,580,203	6,199,544	4,800,929	-22.56	5,053,800	5.27
FEDERAL FUND		7,400				
HIGHWAY FUND	5,504,950	6,024,133	4,710,439	-21.81	4,962,336	5.35
INTER-AGENCY TRANSFER	96,639	168,011	90,490	-46.14	91,464	1.08
REVERSIONS	-21,386					
<b>DMV - REAL ID</b>	100,000	3,595,289	904,592	-74.84	596,906	-34.01
FEDERAL FUND		2,893,607				
HIGHWAY FUND	100,000	701,682	904,592	28.92	596,906	-34.01
<b>DMV - HEARINGS</b>	1,143,306	1,262,431	1,293,571	2.47	1,294,778	.09
HIGHWAY FUND	1,173,796	1,199,925	1,293,571	7.80	1,294,778	.09
INTER-AGENCY TRANSFER		58,723				
OTHER FUND	3,840	3,783				
REVERSIONS	-34,330					
<b>DMV - AUTOMATION</b>	9,303,934	11,381,547	9,287,501	-18.40	9,358,910	.77
FEDERAL FUND		32,600				
HIGHWAY FUND	5,677,466	5,104,470	8,648,066	69.42	8,756,498	1.25
INTER-AGENCY TRANSFER	4,836,048	5,941,307	639,435	-89.24	602,412	-5.79
OTHER FUND	496,510	303,170				
REVERSIONS	-1,706,090					
<b>DMV - ADMINISTRATIVE SERVICES</b>	10,285,326	11,861,576	10,732,732	-9.52	10,912,622	1.68
HIGHWAY FUND	3,427,362	3,613,521	8,707,773	140.98	8,882,161	2.00
INTER-AGENCY TRANSFER	213,164	381,971	274,705	-28.08	280,207	2.00
INTERIM FINANCE	450,000					
OTHER FUND	6,517,815	7,866,084	1,750,254	-77.75	1,750,254	
REVERSIONS	-323,015					
<b>DMV - COMPLIANCE ENFORCEMENT</b>	4,852,463	5,415,955	4,696,649	-13.28	4,739,167	.91
BALANCE FORWARD	405,752					
HIGHWAY FUND	4,434,483	4,958,821	4,523,471	-8.78	4,565,722	.93
INTER-AGENCY TRANSFER	98,922	293,367	49,553	-83.11	49,820	.54
OTHER FUND	179,902	163,767	123,625	-24.51	123,625	
REVERSIONS	-266,596					
<b>DMV - MOTOR VEHICLE POLLUTION CONTROL</b>	9,090,495	11,704,042	10,128,567	-13.46	10,592,498	4.58
BALANCE FORWARD	329,621	2,430,297	1,340,672	-44.84	1,804,603	34.60
OTHER FUND	8,760,874	9,273,745	8,787,895	-5.24	8,787,895	
<b>DMV - CENTRAL SERVICES</b>	13,578,697	15,835,158	13,904,459	-12.19	14,071,656	1.20
HIGHWAY FUND	7,933,210	8,185,111	12,671,152	54.81	12,816,526	1.15
INTER-AGENCY TRANSFER	5,290,569	6,837,870	499,966	-92.69	500,514	.11
OTHER FUND	673,995	812,177	733,341	-9.71	754,616	2.90
REVERSIONS	-319,077					
<b>DMV - VERIFICATION OF INSURANCE</b>	2,769,377	14,876,160	17,037,894	14.53	17,037,894	.00
BALANCE FORWARD		500,000	500,000		500,000	
OTHER FUND	16,406,149	14,376,160	16,537,894	15.04	16,537,894	
REVERSIONS	-13,636,772					

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<b>DMV - RECORDS SEARCH</b>	10,456,938	12,554,995	10,986,738	-12.49	10,986,738	.00
BALANCE FORWARD		50,000	50,000		50,000	
OTHER FUND	11,484,541	12,504,995	10,936,738	-12.54	10,936,738	
REVERSIONS	-1,027,603					
<b>DMV - FIELD SERVICES</b>	42,378,342	50,584,674	44,488,143	-12.05	44,736,696	.56
GENERAL FUND	21,322	21,322	18,230	-14.50	18,230	
HIGHWAY FUND	18,522,985	18,518,452	26,416,063	42.65	26,664,616	.94
INTER-AGENCY TRANSFER		2,143,526				
OTHER FUND	25,180,300	29,901,374	18,053,850	-39.62	18,053,850	
REVERSIONS	-1,346,265					
<b>DMV - MOTOR CARRIER</b>	4,333,841	4,868,775	3,962,440	-18.62	3,994,735	.82
HIGHWAY FUND	2,986,529	3,108,615	3,282,465	5.59	3,314,624	.98
INTER-AGENCY TRANSFER		184,665				
OTHER FUND	1,677,481	1,575,495	679,975	-56.84	680,111	.02
REVERSIONS	-330,169					
<b>DMV - RESEARCH &amp; DEVELOPMENT</b>	1,402,486	1,639,663	1,468,326	-10.45	1,474,404	.41
HIGHWAY FUND	1,426,254	1,437,224	1,468,326	2.16	1,474,404	.41
INTER-AGENCY TRANSFER		130,516				
INTERIM FINANCE		71,923				
OTHER FUND	11					
REVERSIONS	-23,779					
<b>TOTAL DEPARTMENT OF MOTOR VEHICLES</b>	115,275,408	151,779,809	133,692,541	-11.92	134,850,804	.87
GENERAL FUND	21,322	21,322	18,230	-14.50	18,230	
BALANCE FORWARD	735,373	2,980,297	1,890,672	-36.56	2,354,603	24.54
FEDERAL FUND		2,933,607				
HIGHWAY FUND	51,187,035	52,851,954	72,625,918	37.41	73,328,571	.97
INTER-AGENCY TRANSFER	10,535,342	16,139,956	1,554,149	-90.37	1,524,417	-1.91
INTERIM FINANCE	450,000	71,923				
OTHER FUND	71,381,418	76,780,750	57,603,572	-24.98	57,624,983	.04
REVERSIONS	-19,035,082					
<b>DEPARTMENT OF PUBLIC SAFETY</b>						
<b>DPS - DIRECTOR'S OFFICE</b>	1,356,454	1,276,572	1,194,025	-6.47	1,216,978	1.92
INTER-AGENCY TRANSFER	1,356,454	1,276,572	1,194,025	-6.47	1,216,978	1.92
<b>DPS - OFFICE OF PROF RESPONSIBILITY</b>	591,505	613,268	565,618	-7.77	567,726	.37
INTER-AGENCY TRANSFER	591,505	613,268	565,618	-7.77	567,726	.37
<b>DPS - ADMINISTRATIVE SERVICES</b>	1,912,537	2,067,964	1,951,241	-5.64	1,971,894	1.06
INTER-AGENCY TRANSFER	1,912,537	2,067,964	1,951,241	-5.64	1,971,894	1.06
<b>DPS - CAPITOL POLICE</b>	2,724,692	3,196,600	2,877,975	-9.97	2,893,314	.53
BALANCE FORWARD	-253,950					
INTER-AGENCY TRANSFER	2,978,642	3,196,600	2,877,975	-9.97	2,893,314	.53
<b>DPS - JUSTICE ASSISTANCE ACT</b>	2,210,619	5,678,376	3,388,283	-40.33	3,388,283	.00
BALANCE FORWARD	5,935	85,909				
FEDERAL FUND	861,165	1,991,167	1,018,830	-48.83	1,018,830	
OTHER FUND	1,343,519	3,601,300	2,369,453	-34.21	2,369,453	

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<b>DPS - JUSTICE ASSIST GRANT TRUST</b>	2,578,795	2,587,494	1,158,829	-55.21	1,158,829	.00
BALANCE FORWARD	-422,862	1,340,024				
FEDERAL FUND	2,918,581	1,142,470	1,064,825	-6.80	1,064,825	
OTHER FUND	83,076	105,000	94,004	-10.47	94,004	
<b>DPS - JUSTICE GRANT</b>	420,674	492,043	390,918	-20.55	394,115	.82
GENERAL FUND	110,896	115,301	78,373	-32.03	79,131	.97
BALANCE FORWARD	2,423	1,759				
INTER-AGENCY TRANSFER	320,789	374,983	312,545	-16.65	314,984	.78
REVERSIONS	-13,434					
<b>DPS - FORFEITURES - LAW ENFORCEMENT</b>	1,090,584	2,681,501	1,196,038	-55.40	1,992,614	66.60
BALANCE FORWARD	37,442	145,614	212,651	46.04	1,009,227	374.59
OTHER FUND	1,053,142	2,535,887	983,387	-61.22	983,387	
<b>DPS - HOME DISASTER ASSISTANCE PROGRAM</b>	663,676	4,276,937	395,850	-90.74		
BALANCE FORWARD	663,676	4,276,937	395,850	-90.74		
<b>DPS - EMERGENCY MANAGEMENT DIVISION</b>	3,263,298	7,057,755	43,298,673	513.49	37,521,953	-13.34
GENERAL FUND	705,799	719,096	645,049	-10.30	641,551	-.54
FEDERAL FUND			42,603,625		36,830,401	-13.55
INTER-AGENCY TRANSFER	2,054,723	5,755,773	49,999	-99.13	50,001	.00
OTHER FUND	547,306	582,886				
REVERSIONS	-44,530					
<b>DPS - EMERGENCY MANAGEMENT ASSISTANCE GRANTS</b>	20,513,660	94,263,419				
BALANCE FORWARD	-520,669	530,860				
FEDERAL FUND	20,982,417	93,677,421				
INTER-AGENCY TRANSFER	51,348	26,494				
OTHER FUND	564	28,644				
<b>DPS - FIRE MARSHAL</b>	3,110,273	3,900,856	3,217,951	-17.51	3,145,309	-2.26
GENERAL FUND	1,077,330	1,283,666	1,210,900	-5.67	1,227,135	1.34
BALANCE FORWARD	7,067	46				
FEDERAL FUND	37,445	47,812				
INTER-AGENCY TRANSFER	283,069	312,394	448,229	43.48	381,876	-14.80
OTHER FUND	1,747,309	2,256,938	1,558,822	-30.93	1,536,298	-1.44
REVERSIONS	-41,947					
<b>DPS - NHP K-9 PROGRAM</b>	26,874	557,108	13,222	-97.63	13,548	2.47
BALANCE FORWARD	-188,126	188,126				
INTER-AGENCY TRANSFER	215,000	203,982	13,222	-93.52	13,548	2.47
OTHER FUND		165,000				

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<b>DPS - HIGHWAY PATROL</b>	63,319,785	75,543,006	68,478,170	-9.35	66,631,757	-2.70
GENERAL FUND	4,606	4,606	17,693	284.13	1,066	-93.98
BALANCE FORWARD	-12,975	115,583				
HIGHWAY FUND	62,676,359	70,540,494	66,673,534	-5.48	64,843,749	-2.74
INTER-AGENCY TRANSFER	818,935	3,829,287	665,140	-82.63	665,139	-1.00
INTERIM FINANCE	40,141					
OTHER FUND	1,227,024	1,053,036	1,121,803	6.53	1,121,803	
REVERSIONS	-1,434,305					
<b>DPS - HIGHWAY SAFETY GRANTS ACCOUNT</b>	1,265,279	1,487,605	1,675,732	12.65	1,768,654	5.55
FEDERAL FUND	1,265,279	1,487,605	1,675,732	12.65	1,768,654	5.55
<b>DPS - DIGNITARY PROTECTION</b>	1,130,857	1,140,115	1,047,036	-8.16	1,057,677	1.02
GENERAL FUND	1,121,542	1,115,158	1,047,036	-6.11	1,057,677	1.02
INTER-AGENCY TRANSFER	7,961	24,957				
INTERIM FINANCE	36,798					
REVERSIONS	-35,444					
<b>DPS - DIVISION OF INVESTIGATIONS</b>	5,911,049	7,474,014	7,853,431	5.08	7,868,398	.19
GENERAL FUND	5,736,977	5,868,191	7,455,547	27.05	7,465,669	.14
BALANCE FORWARD	-6,713	6,713				
FEDERAL FUND	5,747	27,319	16,644	-39.08	16,644	
HIGHWAY FUND	314,538	317,276	381,240	20.16	386,085	1.27
INTER-AGENCY TRANSFER	5,953	602,851				
INTERIM FINANCE	9,154					
OTHER FUND	19,902	651,664				
REVERSIONS	-174,509					
<b>DPS - NARCOTICS CONTROL</b>	3,438,180	3,635,949	154,960	-95.74	155,742	.50
GENERAL FUND	3,708,140	3,340,386	154,960	-95.36	155,742	.50
BALANCE FORWARD	12,762					
FEDERAL FUND	1,609	20,000				
INTER-AGENCY TRANSFER	162,732	93,631				
OTHER FUND	114,019	181,932				
REVERSIONS	-561,082					
<b>DPS - PAROLE AND PROBATION</b>	44,832,967	51,852,493	43,563,914	-15.98	43,935,676	.85
GENERAL FUND	43,570,816	46,154,277	40,183,730	-12.94	40,480,367	.74
INTER-AGENCY TRANSFER	760,322	2,063,873	100,000	-95.15	100,000	
OTHER FUND	3,236,693	3,634,343	3,280,184	-9.74	3,355,309	2.29
REVERSIONS	-2,734,864					
<b>DPS - PAROLE BOARD</b>	1,959,605	2,635,164	2,383,670	-9.54	2,373,161	-.44
GENERAL FUND	1,794,720	1,848,512	2,383,670	28.95	2,373,161	-.44
BALANCE FORWARD	-324,278	324,277				
INTER-AGENCY TRANSFER		77,034				
INTERIM FINANCE	557,301	385,341				
REVERSIONS	-68,138					

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<b>DPS - CRIMINAL HISTORY REPOSITORY</b>	16,736,927	24,860,233	18,859,478	-24.14	18,886,980	.15
GENERAL FUND	100	100	100		100	
BALANCE FORWARD	2,089,185	7,038,048	4,708,638	-33.10	4,850,948	3.02
INTER-AGENCY TRANSFER	354,500	453,022	18,892	-95.83	18,892	
OTHER FUND	14,293,242	17,369,063	14,131,848	-18.64	14,017,040	-.81
REVERSIONS	-100					
<b>DPS - CHILD VOLUNTEER BACKGROUND CHECKS TRUST ACCT</b>	18,892	25,000	18,892	-24.43	18,892	.00
GENERAL FUND	25,000	25,000	18,892	-24.43	18,892	
REVERSIONS	-6,108					
<b>DPS - TECHNOLOGY DIVISION</b>	7,876,850	6,583,138	5,962,745	-9.42	5,979,502	.28
INTER-AGENCY TRANSFER	7,876,850	6,583,138	5,962,745	-9.42	5,979,502	.28
<b>DPS - STATE EMERGENCY RESPONSE COMMISSION</b>	1,435,224	2,702,047	2,078,804	-23.07	2,012,725	-3.18
BALANCE FORWARD	103,818	1,299,389	786,890	-39.44	719,339	-8.58
FEDERAL FUND	154,362	264,097	127,362	-51.77	127,362	
HIGHWAY FUND	379,858	355,014	356,308	.36	343,432	-3.61
INTER-AGENCY TRANSFER		12,030				
OTHER FUND	845,716	771,517	808,244	4.76	822,592	1.78
REVERSIONS	-48,530					
<b>DPS - TRAFFIC SAFETY</b>	3,804,856	14,083,752	6,709,174	-52.36	4,948,288	-26.25
BALANCE FORWARD	-4,700	4,701				
FEDERAL FUND	3,809,556	14,079,051	6,709,174	-52.35	4,948,288	-26.25
<b>DPS - HIGHWAY SAFETY PLAN &amp; ADMIN</b>	1,834,515	3,995,141	2,093,397	-47.60	2,071,563	-1.04
FEDERAL FUND	77,049	77,087	79,301	2.87	84,773	6.90
HIGHWAY FUND	199,372	209,473	243,506	16.25	242,822	-.28
INTER-AGENCY TRANSFER	1,558,094	3,708,581	1,770,590	-52.26	1,743,968	-1.50
<b>DPS - BICYCLE SAFETY PROGRAM</b>	142,255	338,490	344,589	1.80	347,715	.91
BALANCE FORWARD	-20,230	158,707	190,235	19.87	193,361	1.64
OTHER FUND	162,485	179,783	154,354	-14.14	154,354	
<b>DPS - MOTORCYCLE SAFETY PROGRAM</b>	446,701	932,688	1,009,969	8.29	985,953	-2.38
BALANCE FORWARD	-72,772	394,628	448,992	13.78	459,212	2.28
INTER-AGENCY TRANSFER	74,000	100,000	80,500	-19.50	45,500	-43.48
OTHER FUND	445,473	438,060	480,477	9.68	481,241	.16
<b>DPS - TRAINING DIVISION</b>	1,442,735	1,761,193	3,213,901	82.48	3,113,586	-3.12
GENERAL FUND	657,971	668,365	574,990	-13.97	528,375	-8.11
BALANCE FORWARD			302,820		370,450	22.33
HIGHWAY FUND	1,001,966	1,017,461	798,217	-21.55	727,262	-8.89
INTER-AGENCY TRANSFER		72,095				
OTHER FUND	3,212	3,272	1,537,874	46,901.04	1,487,499	-3.28
REVERSIONS	-220,414					

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	<b>2007-2008 Actual</b>	<b>2008-2009 Work Program</b>	<b>2009-2010 Governor Recommends</b>	<b>% Change</b>	<b>2010-2011 Governor Recommends</b>	<b>% Change</b>
<b>TOTAL DEPARTMENT OF PUBLIC SAFETY</b>	196,060,318	327,699,921	225,096,485	-31.31	216,420,832	-3.85
GENERAL FUND	58,513,897	61,142,658	53,770,940	-12.06	54,028,866	.48
BALANCE FORWARD	1,095,033	15,911,321	7,046,076	-55.72	7,602,537	7.90
FEDERAL FUND	30,113,210	112,814,029	53,295,493	-52.76	45,859,777	-13.95
HIGHWAY FUND	64,572,093	72,439,718	68,452,805	-5.50	66,543,350	-2.79
INTER-AGENCY TRANSFER	21,383,414	31,448,529	16,010,721	-49.09	15,963,322	-.30
INTERIM FINANCE	643,394	385,341				
OTHER FUND	25,122,682	33,558,325	26,520,450	-20.97	26,422,980	-.37
REVERSIONS	-5,383,405					
<b>PUBLIC SAFETY</b>						
GENERAL FUND	318,480,849	346,408,070	292,219,308	-15.64	296,521,839	1.47
BALANCE FORWARD	1,306,779	25,520,925	15,405,975	-39.63	16,998,881	10.34
FEDERAL FUND	33,150,912	119,923,095	56,303,554	-53.05	48,867,838	-13.21
HIGHWAY FUND	115,759,128	125,291,672	141,078,723	12.60	139,871,921	-.86
INTER-AGENCY TRANSFER	41,062,210	65,621,269	22,839,128	-65.20	22,990,428	.66
INTERIM FINANCE	1,739,787	654,630				
OTHER FUND	125,673,376	141,951,544	116,122,130	-18.20	117,041,174	.79
REVERSIONS	-30,158,959					
<b>TOTAL FOR PUBLIC SAFETY</b>	607,014,082	825,371,205	643,968,818	-21.98	642,292,081	-.26
Less: INTER-AGENCY TRANSFER	41,062,210	65,621,269	22,839,128	-65.20	22,990,428	.66
<b>NET PUBLIC SAFETY</b>	565,951,872	759,749,936	621,129,690	-18.25	619,301,653	-.29



## **INFRASTRUCTURE**

The Infrastructure function of state government includes those agencies responsible for capital assets of the state, as well as its natural resources. The function includes the Colorado River Commission, Department of Conservation and Natural Resources, Department of Wildlife, and Department of Transportation. General Fund support recommended by the Governor in FY 2009-10 totals \$28.0 million, a decrease of 16.5 percent compared to FY 2008-09, and \$28.2 million in FY 2010-11, which represents a 0.6 percent increase from amounts recommended in FY 2009-10. The amounts recommended from all funding sources, excluding interagency transfers, total \$978.6 million in FY 2009-10, which is an 18.7 percent decrease from FY 2008-09 (the majority of which is due to reduced funding within the Department of Transportation), and \$963.1 million in FY 2010-11, which represents an additional decrease of 1.6 percent.

### **DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES**

The Department of Conservation and Natural Resources (DCNR) is responsible for ensuring Nevada's natural resources are used, maintained, and preserved in a manner that will best serve the citizens of the state. The department comprises the Divisions of Forestry, State Parks, Environmental Protection, State Lands, Conservation Districts, and Water Resources. The department includes the Nevada Tahoe Regional Planning Agency, the State Environmental Commission, the Nevada Natural Heritage program and the Commission for the Preservation of Wild Horses.

For the entire department, including the Tahoe Regional Planning Agency (TRPA), the Governor recommends General Fund appropriations of \$27.2 million in FY 2009-10, a 15.6 percent decrease from the FY 2008-09 work program. A total of \$27.3 million in General Fund support is recommended in FY 2010-11. Total budget recommendations from all funding sources, excluding interagency transfers, are \$92.5 million in FY 2009-10 and \$94.3 million in FY 2010-11, a decrease of 24.9 percent and 23.5 percent, respectively, from the total FY 2008-09 work program total of \$123.2 million.

The Governor recommends a General Fund supplemental appropriation of \$38,763 for the Division of Forestry to cover the costs of terminal leave payments to employees, resulting from the closure of the Tonopah Conservation Camp. The Executive Budget recommends a total of \$904,430 in state funds for two capital improvement projects for the Division of Forestry – the installation of a traffic signal at Kyle Canyon Fire Station and upgrading the sewage system at the Stewart Conservation Camp.

### **QUESTION 1 - \$200 MILLION CONSERVATION BOND**

The 17<sup>th</sup> Special Session of the Legislature (2001) approved A.B. 9. In the November 5, 2002, general election, the voters approved the issuance of up to \$200 million in general obligation bonds for the purposes of protecting, preserving and

obtaining the benefits of property and natural resources in the state. Of the \$200 million available, \$92.5 million is allocated directly to the Department of Conservation and Natural Resources, \$65.5 million to State Lands and \$27 million to State Parks. The Treasurer's Office issued the first series of general obligation bonds, totaling \$95.6 million, in September 2003 to support a variety of conservation projects statewide. Since the original bond sale, the Treasurer's Office has issued additional general obligation bonds totaling \$57.0 million (remaining bond authority is \$47.4 million). Through Assembly Bill 554, the 2007 Legislature extended the date Question 1 bond sales must be completed to December 31, 2011. The Governor recommends a total of \$1.36 million in the 2009-11 biennium to support administration of the Question 1 bond program, including a total of seven positions (one in the Director's Office, and three each in State Lands and State Parks) and related operating costs in administering the program.

### **HEIL WILD HORSE BEQUEST**

The Heil Trust Fund was established by the 1985 Legislature in S.B. 485 to fund the activities of the Commission for the Preservation of Wild Horses. Funding for the Heil Wild Horse Bequest program, which has historically operated on reserves from the original bequest from Mr. Leo Heil, will expire at the end of FY 2009-10. Accordingly, the Governor recommends the program sunset at the end of FY 2009-10, including the elimination of the Administrator position. The termination of this program is not the result of budget reductions, but rather due to the exhaustion of funds from the original bequest.

### **TAHOE REGIONAL PLANNING AGENCY**

The Tahoe Regional Planning Agency (TRPA) was jointly created by the states of Nevada and California and the United States Congress. The TRPA provides a leadership and advocacy role in the regional cooperative efforts to preserve, restore, and enhance Lake Tahoe's unique natural and human environments. The TRPA exercises environmental controls over water, land, air, wildlife and development of the Lake Tahoe region. Under the interstate compact, Nevada and California contribute funding to TRPA on a one-third/two-thirds split.

Since the 2001-03 biennium, the Legislature has provided the TRPA with \$200,000 annually to support the implementation and ongoing work elements associated with the agency's Pathway 2007 Regional Plan and environmental threshold studies. While the Governor has included Nevada's one-third share (\$200,000 each year) to fund Pathway 2007 as a baseline expenditure in The 2009-11 Executive Budget, the Executive Budget Office has indicated this funding may have been unintentionally included in The Executive Budget. While Nevada's one-third contribution to Pathway 2007 may be uncertain, the state of California has indicated that it will provide its two-thirds share (\$400,000 each year) over the 2009-11 biennium.

The Governor also recommends eliminating all transfers from the DMV – Pollution Control account (\$167,466 each year) to the TRPA, which eliminates the salary and fringe benefits of an Office Manager, seasonal salaries, and 45.4 percent of an Air Quality Monitoring contract. However, the noted expenditure reductions are inconsistent with the legislative intent of the DMV fund transfers approved by the 2007 Legislature, since a portion of the fund transfers were specifically allocated for the Pathway 2007 Regional Plan.

The Executive Budget further recommends eliminating a Senior Planner position (General Fund savings of \$114,889 each year); an Administrative Planning Clerk position (General Fund savings of \$48,228 each year); and funding for staff training and equipment leases (General Fund savings of \$70,397 each year).

### **DIVISION OF FORESTRY**

The Division of Forestry is responsible for supervising, managing and coordinating all forestry, watershed, fire prevention and control work on state and privately-owned lands in Nevada. Additionally, the division provides assistance to county and local fire districts and adopts and enforces fire prevention regulations. Other division programs include cooperative forest management, rural fire protection, resource rehabilitation, and control of insects and diseases in trees.

The Governor recommends General Funds of \$113,532 in FY 2009-10 for deferred maintenance projects for the Division of Forestry, including the removal and replacement of concrete, installation of a fire door and emergency lighting, installation of roof snow stops, relocation of electrical services, and repairs to fire sprinkler systems.

The Governor recommends eliminating a Regional Manager, an Equipment Mechanic II, and a Conservation Staff Specialist II from the Forestry account, with corresponding General Fund reductions of \$124,458 in FY 2009-10 and \$133,369 in FY 2010-11. The Executive Budget recommends the transfer of three seasonal helitak positions and associated funding (General Funds) from the Forestry budget to the Conservation Camps budget. Currently, the helitak program is housed in the Conservation Camps budget, but the seasonal positions are contained in the Forestry budget. This recommendation would allow the helitak program to be managed under one budget account. The Executive Budget also recommends reducing the transfer of General Funds provided to volunteer fire departments for physical examinations by \$10,131 in each year of the biennium.

The Executive Budget recommends eliminating a Battalion Chief position from the Inter-Governmental Agreements budget due to White Pine County withdrawing from the state fire protection program in order to form its own fire protection district. The Executive Budget also recommends reallocating the costs for another Battalion Chief position in the Forestry Inter-Governmental Agreements budget from Douglas County receipts to a shared amount between Storey County and Carson City. This recommendation is necessary because Douglas County has withdrawn from the state program and started its own fire protection district.

## **FOREST FIRE SUPPRESSION**

The Forest Fire Emergency Response program covers expenses necessary for fire protection and forest and watershed management required as a result of fire or other emergencies. In addition, personnel respond to medical emergencies and vehicle accidents. The program is funded by a combination of General Fund appropriations and reimbursements for fire fighting assistance provided on lands outside of the state's jurisdiction. When this budget is depleted, funding is also available from the State Board of Examiners' Reserve for Statutory Contingency Fund (NRS 353.264), with additional amounts available from the Interim Finance Committee's Contingency Fund (NRS 353.266). The Governor recommends a General Fund appropriation of \$2.5 million in each year of the 2009-11 biennium.

## **FORESTRY HONOR CAMPS**

The Nevada Division of Forestry (NDF) Honor Camp program coordinates and supervises labor-intensive work projects performed by inmates from the Nevada Department of Corrections (NDOC). The inmates reside in NDOC conservation camps and work on projects that generate revenue for the state, provide free or reduced cost labor for state and local agencies, and provide fire suppression resources to NDF. The Executive Budget recommends increasing revenues in the Conservation Camps budget by \$179,823 in FY 2009-10 and \$163,030 in FY 2010-11, and utilizing these increases to offset General Fund appropriations by the same amounts.

The Governor recommends eliminating a Conservation Camp Supervisor and six Conservation Crew Supervisor III positions from the Conservation Camps budget due to the closure of the Tonopah Conservation Camp by the NDOC.

The Executive Budget recommends General Funds of \$492,630 in FY 2009-10 and \$982,180 in FY 2010-11 for the expansion of the Three Lakes Valley Conservation Camp. This recommendation provides for 17 new Nevada Division of Forestry staff, vehicles, equipment, supplies, and other operating costs to accommodate 16 new inmate crews arising from the expansion. Nine positions are scheduled to start in April 2010, with the remaining eight starting in July 2010. It should be noted that the expansion of this conservation camp was approved by the 2007 Legislature for completion during the 2007-09 biennium; however, due to budget reductions, the expansion has been postponed to the 2009-11 biennium. Additionally, it should be noted that some major equipment (i.e., 16 crew carriers) approved by the 2007 Legislature has already been purchased and will be available for the additional 16 conservation crews when they are operational.

## **DIVISION OF STATE PARKS**

The Division of State Parks plans, develops and maintains a system of 25 parks and recreational areas for the use and enjoyment of residents and visitors. The division also preserves areas of scenic, historic and scientific significance in Nevada. The Governor

recommends General Funds of \$5.33 million in FY 2009-10 and \$5.27 million in FY 2010-11 in support of State Parks, a decrease of 25.9 percent and 26.8 percent, respectively, from General Fund appropriations in FY 2008-09 of \$7.19 million. Total budget recommendations from all funding sources are \$11.2 million in FY 2009-10 and \$11.1 million in FY 2010-11, a decrease of 26.1 percent and 26.5 percent, respectively, from the FY 2008-09 work program total of \$15.1 million.

The 2007 Legislature approved the use of \$1.02 million in lodging tax revenue transfers from the Commission on Tourism for the 2007-09 biennium to support division operating costs and maintenance of park premises and facilities. However, because the Governor recommends reclassifying the Tourism budget from a non-General Fund budget to a General Fund budget beginning with the 2009-11 biennium, the Governor recommends eliminating the transfers of lodging tax revenue to State Parks, with a corresponding increase in General Funds of \$1.02 million.

The Governor recommends a number of budget reductions for the Nevada Division of State Parks, including the contraction of park regions from 4 to 2 (eliminating the Carson and Panaca regions and folding them into the existing northern and southern regions), the elimination of 22 months of seasonal staffing, the elimination of the noxious weed program in the Panaca region, the closure of 2 state park facilities (Elgin Schoolhouse and Walker Lake), and the partial closure of 12 state park facilities (Beaver Dam, Dayton, Lahontan, Buckland Station, Rye Patch, Old Las Vegas Mormon Fort, Ward Charcoal Ovens, Dangberg Ranch, Washoe Lake, Sand Harbor Boat Ramp, Echo Canyon, and the Cathedral Gorge Visitor's Center). The partial closure of park facilities would occur during the least busy months of the year.

The Governor recommends eliminating 13 positions in State Parks as follows:

- 4.0 positions (Carson Regional Manager, Facility Supervisor III, Accounting Assistant III, Maintenance Repair Specialist II) due to the elimination of the Carson Region Headquarters.
- 2.0 positions (Regional Manager and Facility Supervisor) due to the elimination of the Panaca Region Headquarters.
- 2.0 positions (Commissioned Park Ranger II and Administrative Assistant I) related to the Valley of Fire Wedding program. This program was approved by the 2007 Legislature, but was not implemented by the Governor due to a required permit fee increase.
- 2.0 positions (Maintenance Repair Specialist II and Commissioned Park Ranger II) from Washoe Lake State Park.
- A Park Ranger Technician from Buckland Station.
- A Commissioned Park Supervisor from Echo Canyon State Park.
- A Park Interpreter II at the Panaca Regional Visitor's Center.

The Executive Budget recommends General Funds of \$107,854 in FY 2009-10 for new and replacement health/safety equipment, including new and replacement water rescue equipment, a new snowplow for Wildhorse, two replacement law enforcement vehicles, and a new transmission jack for the Lahontan maintenance shop.

## **DIVISION OF WATER RESOURCES**

The Division of Water Resources conserves, protects, manages and enhances the water resources of Nevada through appropriation and reallocation of public waters. The Executive Budget recommends General Funds of \$5.49 million in FY 2009-10 and \$5.36 million in FY 2010-11 in support of the Division of Water Resources, a decrease of 15.0 percent and 17.1 percent, respectively, from the 2008-09 work program amount of \$6.47 million.

The Governor recommends eliminating 11.40 positions from the Division of Water Resources, resulting in General Fund savings of \$630,844 in FY 2009-10 and \$636,654 in FY 2010-11. The eliminated positions include: four Engineering Technicians; two Staff I Associate Engineers; a Professional Engineer; an IT Professional II; an Administrative Assistant II; and two Administrative Aids. In addition, an Engineering Technician IV is recommended to be reduced from a full-time position to a 0.60 position. The Governor also recommends postponing the division's web-based GIS application contract that allows the public to search for water-related information, thereby providing General Fund savings of \$40,000 in each year of the biennium. The Executive Budget recommends General Funds of \$171,600 over the biennium for costs related to the repair, maintenance, and inspection of the state-owned South Fork Dam in Elko County.

## **DIVISION OF STATE LANDS**

The Division of State Lands acquires, holds, and disposes of land and interests in land, manages state land, and promotes the appropriate use and management of Nevada's public lands. In the 2009-11 biennium, the Governor recommends eliminating a Land Use Planner II position and a Land Agent II position, for total General Fund savings of \$274,382 over the biennium. The Governor also recommends a total of \$59,198 (\$49,999 General Fund) in replacement equipment over the biennium. The Governor further recommends replacing General Fund appropriations of \$28,087 in each year of the 2009-11 biennium with Environmental Improvement Program (EIP) bond funds, in order to provide continued support for a seasonal Forester position.

The division administers the EIP, which was implemented in 1997 by the federal government and the states of Nevada and California to carry out projects to improve the environment in the Lake Tahoe Basin. The state of Nevada's apportioned share of the costs for carrying out the EIP was \$82 million. Accordingly, between July 1, 1997, and June 30, 2001, the state of Nevada and its political subdivisions provided \$28.8 million to meet its apportioned commitment (general obligation bonds of \$23.2 million and \$5.6 million from various state entities). Further, between July 1, 2001, and June 30, 2007, the state of Nevada authorized the balance of \$53.2 million toward its apportioned commitment to the EIP (general obligation bonds of \$51.9 million and Lake Tahoe License Plate revenues of \$1.3 million). The 2007 Legislature approved Senate Bill 55, which authorized the State Board of Finance to issue the final installment of general obligation bonds in a total face amount not to exceed \$9.06 million for the

three-year period beginning July 1, 2007, and ending June 30, 2010. The funding authorized in Senate Bill 55 completes the state's apportioned funding commitment of \$82 million for the EIP.

#### **DIVISION OF CONSERVATION DISTRICTS**

The Division of Conservation Districts works with Nevada's 28 locally-elected conservation districts in a statewide conservation program. The agency's mission is to train and assist the districts, which work to conserve, improve and sustain the state's renewable natural resources by providing outreach and technical assistance to landowners in partnership with other local, state and federal agencies. The Governor recommends reducing an existing Administrative Assistant position from a full-time position to a 0.51 position, providing General Fund savings of \$16,977 in FY 2009-10 and \$16,946 in FY 2010-11. The Executive Budget recommends reducing the grants made to the 28 conservation districts from \$5,000 per year to \$4,200 per year (a 16 percent reduction), which provides General Fund savings of \$22,400 in each year of the 2009-11 biennium. The Governor also recommends reductions to in-state travel, out-of-state travel, and training and conference registration costs, thereby reducing General Fund appropriations by \$10,292 in each year of the biennium.

#### **NEVADA NATURAL HERITAGE PROGRAM**

The Nevada Natural Heritage Program (NNHP) collects information on the occurrences, distribution and population status of all sensitive species in Nevada. This information is maintained in a system of computerized databases, topographical maps and manual files, and is provided to state and federal agencies and the private sector. The agency is funded with General Fund appropriations, federal biodiversity funds, federal Land and Water Conservation Funds (L&WCF), fees for database information, and transfers from the Nevada Department of Transportation (NDOT).

The Executive Budget recommends eliminating an Environmental Scientist III position from the Nevada Natural Heritage Program, with General Fund savings of \$42,593 in FY 2009-10 and \$42,843 in FY 2010-11. The Governor also recommends changing the funding mix for the Biologist II position in the program from 50 percent Highway Funds from the NDOT and 50 percent from database sales fees, to 100 percent Highway Funds from NDOT. Database sales fees collected by the program (up to the amount of 50 percent of the Biologist II position) are recommended to revert to the NDOT.

#### **DIVISION OF ENVIRONMENTAL PROTECTION**

The Division of Environmental Protection (DEP) implements programs authorized and required by the Nevada Legislature and federal laws, and enforces regulations adopted by the State Environmental Commission. The division is composed of the administration and nine bureaus: Environmental Information and Planning, Air Quality, Air Pollution Control, Mining Regulation and Reclamation, Water Pollution Control,

Water Quality Planning, Corrective Action, Federal Facilities, and Waste Management. The division is funded primarily with fees revenue and federal funds, with approximately one percent coming from General Fund appropriations.

The Governor recommends holding two Environmental Scientist II positions open through FY 2009-10, which provides General Fund savings of \$119,102 in FY 2009-10. One position is in the Water Quality Planning budget and is responsible for conducting water quality monitoring. The other position is in the Safe Drinking Water Regulatory program and is responsible for inspecting public drinking water supply systems.

The Executive Budget recommends the addition of one new Staff Engineer III position for the division's Bureau of Mining Regulation and Reclamation. This position, funded with mining fee reserves, will address the additional workload associated with increasing mining activity in the state. The Governor also recommends fee revenue and federal grants totaling \$633,884 in FY 2009-10 and \$437,187 in FY 2010-11 to support enhancements for the division, including the expansion of the air quality tracking system, additional contract authority for environmental cleanups, and training and travel related to new Environmental Protection Agency (EPA) rules. The Executive Budget recommends \$492,057 in FY 2009-10 and \$239,583 in FY 2010-11 for new and replacement computer equipment, software, vehicles (six), and scientific analytical equipment, and \$25,000 transferred each year to the Tahoe Regional Planning Agency in support of its Pathway 2007 program.

## **DEPARTMENT OF WILDLIFE**

The Nevada Department of Wildlife (NDOW) is responsible for protecting, preserving, managing and restoring wildlife and its habitat for aesthetic, scientific, recreational and economic benefit to residents and visitors. The department administers, enforces and implements the Nevada Boat Act, including the registration and titling of boats, enforcement of laws and regulations, boating safety education and development of public access facilities. The NDOW is composed of seven program bureaus: Administrative Services, Conservation Education, Fisheries Management, Game Management, Habitat, Law Enforcement, and Wildlife Diversity.

The department is funded primarily from federal programs, licenses and fees, and gifts and donations. General Fund appropriations are also received to support non-game diversity programs and to offset the impact of low-cost licenses. Total overall funding recommended in the 2009-11 biennium is \$103.0 million, an increase of \$20.7 million, or 25.2 percent, when compared to the \$82.3 million approved by the Legislature for the 2007-09 biennium.

Recommended General Fund appropriations total \$1.7 million in the 2009-11 biennium, a decrease of 37.4 percent when compared to 2007-09 legislatively-approved appropriations of \$2.7 million.



The Governor recommends \$262,430 from reserves to establish a new Deputy Director position that would be assigned to oversee the department's financial operations. The new position is recommended to relieve the current Deputy Director position of its fiscal oversight responsibilities so that the existing position can be assigned full-time to oversight of the agency's programmatic operations. In addition, The Executive Budget recommends \$140,737 (\$4,102 General Funds/\$103,950 federal funds/\$32,685 reserve) to continue a Biologist position for the wildlife damage program that was approved during the interim to move from part-time to full-time status.

The Governor recommends the transfer of \$918,470 of federal funds from the Obligated Reserve account to the Administration account for the water development program, which consists of wildlife water guzzlers located throughout the state. Wildlife water guzzlers are artificial rainwater catchment and storage structures built in suitable wildlife habitats that provide an additional water source for wildlife. The recommended transfer is intended to separate the water development program from other programs in the Obligated Reserve account that are funded using restricted revenue sources, including fees and assessments.

The Executive Budget recommends expenditures totaling \$878,535 (\$729,855 federal funds/reserves \$148,680) for new and replacement equipment, such as boats and motors, a personal water craft, guns, field equipment, computer hardware and software, and law enforcement radio equipment that the federal government mandates become narrow band compliant by 2013.

## **NEVADA DEPARTMENT OF TRANSPORTATION**

The Nevada Department of Transportation (NDOT) is funded through a combination of federal funds, dedicated state highway user revenues, and bond issues. The Executive Budget recommends a 20.2 percent decrease in total funding, in FY 2009-10 (\$610.3 million) when compared to authorized expenditures in FY 2008-09 of \$764.9 million. A total of \$570.9 million is recommended in FY 2008-09, a decrease of 6.5 percent.

The Executive Budget recommends \$604.5 million in FY 2009-10 and \$565.5 million in FY 2010-11 in Highway Funds, federal funds and bond proceeds carried over from the 2007-09 biennium to support the department for the 2007-09 biennium. Ongoing federal funding is recommended at \$234.9 million in each year of the biennium, compared with \$234.4 million received in FY 2007-08.

To address price increases in construction materials, the Governor has recommended an inflationary increase in the amounts authorized for the materials NDOT uses frequently for highway repair and maintenance. The Executive Budget recommends Highway Fund authorizations of \$4.3 million in each year of the biennium for maintenance materials inflation.

The Executive Budget recommends the addition of 23 positions, with corresponding decreases in seasonal salaries and contract services, to convert 46 temporary/seasonal positions and 14 six-month positions to permanent positions. New positions primarily include Engineering technicians and Highway Maintenance Workers in each district.

The Executive Budget recommends Highway Fund authorizations of \$5.3 million in FY 2009-10 and \$5.8 million in FY 2010-11 to upgrade existing department facilities and construct new facilities.

Finally, The Executive Budget recommends Highway Fund authorizations of \$2.2 million over the 2009-11 biennium to implement a system that provides for the electronic submittal of bids by contractors.

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>INFRASTRUCTURE</b>						
<b>COLORADO RIVER COMMISSION</b>						
<b>CRC - COLORADO RIVER COMMISSION</b>	4,793,661	10,638,230	9,781,677	-8.05	9,332,765	-4.59
BALANCE FORWARD	-570,326	2,520,725	3,038,804	20.55	2,578,762	-15.14
INTER-AGENCY TRANSFER	2,588,797	4,186,493	2,588,673	-38.17	2,588,673	
OTHER FUND	2,775,190	3,931,012	4,154,200	5.68	4,165,330	.27
<b>CRC - RESEARCH AND DEVELOPMENT</b>	425,077	2,158,952	1,534,267	-28.93	2,562,121	66.99
BALANCE FORWARD	-200,082	759,671	770,952	1.48	815,451	5.77
OTHER FUND	625,159	1,399,281	763,315	-45.45	1,746,670	128.83
<b>CRC - POWER DELIVERY SYSTEM</b>	107,703,654	204,888,114	147,388,407	-28.06	158,329,106	7.42
BALANCE FORWARD	1,892,646	110,124	314,413	185.51	7,608,404	2,319.88
OTHER FUND	105,811,008	204,777,990	147,073,994	-28.18	150,720,702	2.48
<b>CRC - POWER MARKETING FUND</b>	58,560,120	70,044,786	79,193,523	13.06	86,284,136	8.95
BALANCE FORWARD	503,233	1,185,523	3,017,226	154.51	2,533,898	-16.02
OTHER FUND	58,056,887	68,859,263	76,176,297	10.63	83,750,238	9.94
<b>TOTAL COLORADO RIVER COMMISSION</b>	171,482,512	287,730,082	237,897,874	-17.32	256,508,128	7.82
BALANCE FORWARD	1,625,471	4,576,043	7,141,395	56.06	13,536,515	89.55
INTER-AGENCY TRANSFER	2,588,797	4,186,493	2,588,673	-38.17	2,588,673	
OTHER FUND	167,268,244	278,967,546	228,167,806	-18.21	240,382,940	5.35
<b>CONSERVATION &amp; NATURAL RESOURCES</b>						
<b>DCNR - ADMINISTRATION</b>	5,940,908	1,290,898	1,062,055	-17.73	1,033,969	-2.64
GENERAL FUND	939,200	931,744	806,904	-13.40	785,829	-2.61
BALANCE FORWARD	5,000,000					
INTER-AGENCY TRANSFER	187,795	229,556	137,264	-40.20	132,183	-3.70
OTHER FUND	109,789	129,598	117,887	-9.04	115,957	-1.64
REVERSIONS	-295,876					
<b>DCNR - HEIL WILD HORSE BEQUEST</b>	150,115	228,126	121,878	-46.57		
BALANCE FORWARD	135,675	221,582	115,878	-47.70		
OTHER FUND	14,440	6,544	6,000	-8.31		
<b>DCNR - STATE ENVIRONMENTAL COMMISSION</b>	50,714	69,649	50,582	-27.38	50,585	.01
INTER-AGENCY TRANSFER	31,273	42,936	24,669	-42.54	24,672	.01
OTHER FUND	19,441	26,713	25,913	-2.99	25,913	
<b>DCNR - TAHOE REGIONAL PLANNING AGENCY</b>	10,356,047	10,507,966	10,002,460	-4.81	10,002,460	.00
GENERAL FUND	1,625,683	1,625,683	1,265,086	-22.18	1,265,086	
BALANCE FORWARD		79,763				
FEDERAL FUND	2,568,322	2,227,896	2,870,398	28.84	2,870,398	
INTER-AGENCY TRANSFER	218,825	279,985	83,500	-70.18	83,500	
OTHER FUND	6,016,373	6,294,639	5,783,476	-8.12	5,783,476	
REVERSIONS	-73,156					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DCNR - FORESTRY</b>	10,064,682	14,376,633	6,396,375	-55.51	6,236,134	-2.51
GENERAL FUND	4,782,947	4,685,769	4,309,674	-8.03	4,190,059	-2.78
BALANCE FORWARD	1,024,208	796,066				
FEDERAL FUND	4,446,605	8,142,022	1,343,449	-83.50	1,304,090	-2.93
INTER-AGENCY TRANSFER	349,036	604,910	265,287	-56.14	266,251	.36
OTHER FUND	152,598	147,866	477,965	223.24	475,734	-.47
REVERSIONS	-690,712					
<b>DCNR - FOREST FIRE SUPPRESSION</b>	10,876,972	5,670,933	5,816,498	2.57	5,814,644	-.03
GENERAL FUND	2,500,000	2,500,000	2,500,000		2,500,000	
BALANCE FORWARD	-318,193	301,956	301,956		301,956	
FEDERAL FUND	1,387,765	990,284	1,115,142	12.61	1,115,142	
INTER-AGENCY TRANSFER	151,591					
INTERIM FINANCE	7,360,637					
OTHER FUND	3,362,985	1,878,693	1,899,400	1.10	1,897,546	-.10
REVERSIONS	-3,567,813					
<b>DCNR - FORESTRY CONSERVATION CAMPS</b>	11,873,960	9,585,789	8,646,028	-9.80	9,397,770	8.69
GENERAL FUND	8,151,232	6,242,577	5,536,546	-11.31	5,941,954	7.32
BALANCE FORWARD	731,271					
INTER-AGENCY TRANSFER	263,456	382,910				
OTHER FUND	3,237,353	2,960,302	3,109,482	5.04	3,455,816	11.14
REVERSIONS	-509,352					
<b>DCNR - FORESTRY INTER-GOVERNMENTAL AGREEMENTS</b>	3,010,001	4,099,944	3,082,642	-24.81	3,086,646	.13
BALANCE FORWARD	-127,297	674,043	133,565	-80.18	133,565	
INTER-AGENCY TRANSFER	58,696					
OTHER FUND	3,078,882	3,425,901	2,949,077	-13.92	2,953,081	.14
REVERSIONS	-280					
<b>DCNR - FORESTRY NURSERIES</b>	1,845,447	2,122,003	1,931,476	-8.98	1,960,558	1.51
BALANCE FORWARD	89,202	172,176	125,352	-27.20	149,023	18.88
FEDERAL FUND	14,981					
INTER-AGENCY TRANSFER	60,362	50,292				
OTHER FUND	1,680,902	1,899,535	1,806,124	-4.92	1,811,535	.30
<b>DCNR - STATE PARKS</b>	13,816,064	15,103,920	11,167,548	-26.06	11,103,840	-.57
GENERAL FUND	7,603,993	7,189,097	5,330,070	-25.86	5,265,894	-1.20
BALANCE FORWARD	2,147,438	509,210				
FEDERAL FUND	96,842	281,941	69,305	-75.42	71,615	3.33
INTER-AGENCY TRANSFER	565,782	1,302,288	28,798	-97.79	28,798	
OTHER FUND	4,506,814	5,821,384	5,739,375	-1.41	5,737,533	-.03
REVERSIONS	-1,104,805					
<b>DCNR - WATER RESOURCES</b>	6,387,941	7,396,065	6,145,256	-16.91	6,039,069	-1.73
GENERAL FUND	6,357,014	6,466,283	5,493,752	-15.04	5,358,266	-2.47
BALANCE FORWARD	66,787	224,980	225,355	.17	247,321	9.75
FEDERAL FUND	49,237	135,141	145,036	7.32	145,050	.01
INTER-AGENCY TRANSFER	41,192	301,465	48,084	-84.05	49,074	2.06
OTHER FUND	169,068	268,196	233,029	-13.11	239,358	2.72
REVERSIONS	-295,357					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DCNR - STATE LANDS</b>	2,061,106	2,182,691	1,857,611	-14.89	1,853,701	-.21
GENERAL FUND	1,527,518	1,382,110	1,173,850	-15.07	1,162,307	-.98
BALANCE FORWARD	21,174	24,077	21,358	-11.29	20,041	-6.17
INTER-AGENCY TRANSFER	19,303	60,414				
INTERIM FINANCE	6,923					
OTHER FUND	587,148	716,090	662,403	-7.50	671,353	1.35
REVERSIONS	-100,960					
<b>DCNR - NEVADA TAHOE REGIONAL PLANNING AGENCY</b>	437	1,796	1,541	-14.20	1,541	.00
GENERAL FUND	1,796	1,796	1,541	-14.20	1,541	
REVERSIONS	-1,359					
<b>DCNR - DIVISION OF CONSERVATION DISTRICTS</b>	407,367	450,468	380,444	-15.54	381,909	.39
GENERAL FUND	400,968	411,918	346,624	-15.85	348,152	.44
BALANCE FORWARD		1,195				
INTER-AGENCY TRANSFER		10,233				
OTHER FUND	20,319	27,122	33,820	24.70	33,757	-.19
REVERSIONS	-13,920					
<b>DCNR - NEVADA NATURAL HERITAGE</b>	859,158	1,292,867	820,307	-36.55	662,952	-19.18
GENERAL FUND	162,762	175,919	111,478	-36.63	110,996	-.43
FEDERAL FUND	192,035	250,077	135,350	-45.88	112,237	-17.08
INTER-AGENCY TRANSFER	544,067	853,967	560,575	-34.36	426,815	-23.86
OTHER FUND	13,092	12,904	12,904		12,904	
REVERSIONS	-52,798					
<b>DCNR - DEP ADMINISTRATION</b>	3,545,284	5,100,556	4,956,103	-2.83	5,025,227	1.39
BALANCE FORWARD	470,923	1,394,571	1,362,190	-2.32	1,384,443	1.63
INTER-AGENCY TRANSFER	3,074,361	3,705,985	3,593,913	-3.02	3,640,784	1.30
<b>DCNR - DEP AIR QUALITY</b>	5,375,906	8,615,649	7,304,501	-15.22	7,654,604	4.79
BALANCE FORWARD	458,894	254,579	261,946	2.89	1,151,299	339.52
FEDERAL FUND	893,081	1,537,978	771,033	-49.87	771,013	-.00
INTER-AGENCY TRANSFER	2,353,216	2,486,214	2,584,444	3.95	2,572,943	-.45
OTHER FUND	1,670,715	4,336,878	3,687,078	-14.98	3,159,349	-14.31
<b>DCNR - DEP WATER POLLUTION CONTROL</b>	3,685,411	6,832,463	4,874,507	-28.66	4,199,154	-13.85
BALANCE FORWARD	526,557	1,611,910	1,571,468	-2.51	915,817	-41.72
FEDERAL FUND	210,995	721,732	243,435	-66.27	243,454	.01
INTER-AGENCY TRANSFER	285,045	985,045	285,045	-71.06	285,045	
OTHER FUND	2,662,814	3,513,776	2,774,559	-21.04	2,754,838	-.71
<b>DCNR - DEP WASTE MGMT AND FEDERAL FACILITIES</b>	10,684,619	20,100,592	11,399,967	-43.29	12,138,955	6.48
BALANCE FORWARD	-41,205	41,205	154,282	274.43	609,251	294.89
FEDERAL FUND	3,694,995	6,271,762	4,282,380	-31.72	4,004,462	-6.49
INTER-AGENCY TRANSFER	27,661		1,000		1,000	
OTHER FUND	7,003,168	13,787,625	6,962,305	-49.50	7,524,242	8.07

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>DCNR - DEP MINING REGULATION/RECLAMATION</b>	2,254,107	4,826,066	4,743,458	-1.71	4,870,186	2.67
BALANCE FORWARD	-176,005	2,636,783	2,276,951	-13.65	2,343,591	2.93
OTHER FUND	2,430,112	2,189,283	2,466,507	12.66	2,526,595	2.44
<b>DCNR - DEP - STATE REVOLVING FUND - ADMIN</b>	2,146,138	4,007,007	3,561,749	-11.11	4,000,767	12.33
BALANCE FORWARD	-702,352	702,352	720,071	2.52	1,085,609	50.76
FEDERAL FUND	2,146,138	2,998,882	2,139,284	-28.66	2,212,627	3.43
INTER-AGENCY TRANSFER	195,700	200,000	195,700	-2.15	195,700	
OTHER FUND	506,652	105,773	506,694	379.04	506,831	.03
<b>DCNR - DEP WATER QUALITY PLANNING</b>	3,354,159	8,651,273	3,988,731	-53.89	4,103,923	2.89
GENERAL FUND	379,858	388,832	212,268	-45.41	282,684	33.17
BALANCE FORWARD	58,032	310,997	434,875	39.83	493,594	13.50
FEDERAL FUND	2,490,241	7,457,019	2,837,666	-61.95	2,832,541	-.18
INTER-AGENCY TRANSFER		16,596				
OTHER FUND	495,124	477,829	503,922	5.46	495,104	-1.75
REVERSIONS	-69,096					
<b>DCNR - DEP SAFE DRINKING WATER REGULATORY PROGRAM</b>	2,231,606	3,068,884	2,742,541	-10.63	3,022,058	10.19
GENERAL FUND	180,744	180,744	86,923	-51.91	131,055	50.77
BALANCE FORWARD	17,480	201,205	262,123	30.28	477,999	82.36
FEDERAL FUND	896,507	980,583	895,140	-8.71	901,742	.74
INTER-AGENCY TRANSFER	675,904	1,124,534	982,487	-12.63	987,033	.46
OTHER FUND	499,951	581,818	515,868	-11.34	524,229	1.62
REVERSIONS	-38,980					
<b>DCNR - DEP WATER PLANNING CAP IMPROVEMENT</b>	202,355	264,417	268,239	1.45	313,444	16.85
BALANCE FORWARD	7,355	24,678	21,405	-13.26	55,761	160.50
OTHER FUND	195,000	239,739	246,834	2.96	257,683	4.40
<b>TOTAL CONSERVATION &amp; NATURAL RESOURCES</b>	111,180,504	135,846,655	101,322,497	-25.41	102,954,096	1.61
GENERAL FUND	34,613,715	32,182,472	27,174,716	-15.56	27,343,823	.62
BALANCE FORWARD	9,389,944	10,183,328	7,988,775	-21.55	9,369,270	17.28
FEDERAL FUND	19,087,744	31,995,317	16,847,618	-47.34	16,584,371	-1.56
INTER-AGENCY TRANSFER	9,103,265	12,637,330	8,790,766	-30.44	8,693,798	-1.10
INTERIM FINANCE	7,367,560					
OTHER FUND	38,432,740	48,848,208	40,520,622	-17.05	40,962,834	1.09
REVERSIONS	-6,814,464					
<b>DEPARTMENT OF WILDLIFE WILDLIFE - ADMINISTRATION</b>	25,107,004	32,048,164	33,222,399	3.66	37,036,146	11.48
GENERAL FUND	1,338,699	1,354,572	835,967	-38.29	848,894	1.55
BALANCE FORWARD	-588,639	4,753,826	4,050,840	-14.79	7,465,421	84.29
FEDERAL FUND	9,655,547	10,958,593	12,888,743	17.61	12,870,711	-.14
INTER-AGENCY TRANSFER	4,357,557	3,995,059	4,349,932	8.88	4,386,048	.83
INTERIM FINANCE	140,715	169,310				
OTHER FUND	10,268,269	10,816,804	11,096,917	2.59	11,465,072	3.32
REVERSIONS	-65,144					

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	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>WILDLIFE - BOATING PROGRAM</b>	5,537,336	6,962,475	8,269,537	18.77	8,138,442	-1.59
BALANCE FORWARD	482,411	966,494	1,454,098	50.45	1,483,362	2.01
FEDERAL FUND	1,266,631	1,976,148	2,959,575	49.76	2,785,972	-5.87
INTER-AGENCY TRANSFER		602				
OTHER FUND	3,788,294	4,019,231	3,855,864	-4.06	3,869,108	.34
<b>WILDLIFE - TROUT STAMP PROGRAM</b>	3,845,042	4,868,450	4,518,331	-7.19	4,524,349	.13
BALANCE FORWARD	2,320,306	3,689,552	3,133,176	-15.08	3,071,643	-1.96
FEDERAL FUND	700,000	350,000	700,000	100.00	700,000	
OTHER FUND	824,736	828,898	685,155	-17.34	752,706	9.86
<b>WILDLIFE - OBLIGATED RESERVE</b>	1,965,799	5,120,760	3,675,051	-28.23	3,600,554	-2.03
BALANCE FORWARD	-360,395	3,047,147	2,234,656	-26.66	2,129,660	-4.70
FEDERAL FUND	908,023	946,851	216,329	-77.15	216,329	
OTHER FUND	1,418,171	1,126,762	1,224,066	8.64	1,254,565	2.49
<b>TOTAL DEPARTMENT OF WILDLIFE</b>	36,455,181	48,999,849	49,685,318	1.40	53,299,491	7.27
GENERAL FUND	1,338,699	1,354,572	835,967	-38.29	848,894	1.55
BALANCE FORWARD	1,853,683	12,457,019	10,872,770	-12.72	14,150,086	30.14
FEDERAL FUND	12,530,201	14,231,592	16,764,647	17.80	16,573,012	-1.14
INTER-AGENCY TRANSFER	4,357,557	3,995,661	4,349,932	8.87	4,386,048	.83
INTERIM FINANCE	140,715	169,310				
OTHER FUND	16,299,470	16,791,695	16,862,002	.42	17,341,451	2.84
REVERSIONS	-65,144					
<b>DEPARTMENT OF TRANSPORTATION</b>						
<b>NDOT, BOND CONSTRUCTION</b>	94,643,386	191,001,665	20,000,000	-89.53		
BALANCE FORWARD	-40,351,590	191,001,665	20,000,000	-89.53		
OTHER FUND	134,994,976					
<b>TRANSPORTATION ADMINISTRATION</b>	545,732,933	573,853,195	590,250,367	2.86	570,865,799	-3.28
BALANCE FORWARD	548,306	361,730				
FEDERAL FUND	234,402,521	234,073,279	234,925,044	.36	234,925,044	
HIGHWAY FUND	309,997,938	306,518,186	349,600,214	14.06	330,528,708	-5.46
INTER-AGENCY TRANSFER	4,796,485	12,404,187	4,854,633	-60.86	4,892,492	.78
OTHER FUND	23,643,144	20,495,813	870,476	-95.75	519,555	-40.31
REVERSIONS	-27,655,461					
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>	640,376,319	764,854,860	610,250,367	-20.21	570,865,799	-6.45
BALANCE FORWARD	-39,803,284	191,363,395	20,000,000	-89.55		
FEDERAL FUND	234,402,521	234,073,279	234,925,044	.36	234,925,044	
HIGHWAY FUND	309,997,938	306,518,186	349,600,214	14.06	330,528,708	-5.46
INTER-AGENCY TRANSFER	4,796,485	12,404,187	4,854,633	-60.86	4,892,492	.78
OTHER FUND	158,638,120	20,495,813	870,476	-95.75	519,555	-40.31
REVERSIONS	-27,655,461					

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<b>INFRASTRUCTURE</b>						
GENERAL FUND	35,952,414	33,537,044	28,010,683	-16.48	28,192,717	.65
BALANCE FORWARD	-26,934,186	218,579,785	46,002,940	-78.95	37,055,871	-19.45
FEDERAL FUND	266,020,466	280,300,188	268,537,309	-4.20	268,082,427	-.17
HIGHWAY FUND	309,997,938	306,518,186	349,600,214	14.06	330,528,708	-5.46
INTER-AGENCY TRANSFER	20,846,104	33,223,671	20,584,004	-38.04	20,561,011	-.11
INTERIM FINANCE	7,508,275	169,310				
OTHER FUND	380,638,574	365,103,262	286,420,906	-21.55	299,206,780	4.46
REVERSIONS	-34,535,069					
<b>TOTAL FOR INFRASTRUCTURE</b>	<b>959,494,516</b>	<b>1,237,431,446</b>	<b>999,156,056</b>	<b>-19.26</b>	<b>983,627,514</b>	<b>-1.55</b>
Less: INTER-AGENCY TRANSFER	20,846,104	33,223,671	20,584,004	-38.04	20,561,011	-.11
<b>NET INFRASTRUCTURE</b>	<b>938,648,412</b>	<b>1,204,207,775</b>	<b>978,572,052</b>	<b>-18.74</b>	<b>963,066,503</b>	<b>-1.58</b>



## **SPECIAL PURPOSE AGENCIES**

Special purpose agencies have a specialized function or have a different statutory relationship to the Executive Branch of government than most state agencies. This group includes the Public Employees' Retirement System, which serves both state and local governments, the Public Employees' Benefits Program, the Office of the Military and the Office of Veterans' Services.

The Governor has recommended General Fund support for special purpose agencies totaling \$5.8 million in FY 2009-10, a decrease of 24.8 percent compared to FY 2008-09, and \$6.3 million in FY 2010-11, which represents an increase of 8.5 percent over amounts recommended in FY 2009-10. Amounts recommended from all funding sources total \$286.9 million, a 25.4 percent decrease from FY 2008-09, and \$311.6 million, an additional increase of 8.6 percent, after interagency transfers are deducted.

### **PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

The Public Employees' Retirement System (PERS) provides retirement, disability and death benefits to long-term employees. PERS includes employees of Nevada counties, cities, school districts, state government, and miscellaneous public employers. The retirement system's budget is not subject to the Budget Act or to review by the Budget Division, but is included in The Executive Budget for review by the Legislature. The requested level of funding is provided through an administrative assessment charged to each member and benefit recipient. PERS is requesting a total of \$9.6 million in FY 2009-10 and \$9.7 million in FY 2010-11 to support its operations.

The Public Employees' Retirement System actuary has determined that retirement contribution rates for regular members in the Employer Pay Plan should be increased by 1.0 percent, from 20.5 percent to 21.5 percent, effective July 1, 2009. For regular members in the Employee/Employer Pay Plan, contribution rates need to be increased by 0.75 percent, from 10.5 percent to 11.25 percent for both the employer and the employee. For all police/fire members under the Employer Pay Plan, contribution rates are increased by 3.5 percent, from 33.5 percent to 37.0 percent. For police/fire members under the Employee/Employer Pay Plan, the actuary recommends a 1.75 percent increase in contribution rates, from 17.25 percent to 19.0 percent for both the employer and the employee. Since the employer and employee are each responsible for one-half of any increase or decrease in the retirement contribution rate, The Executive Budget increases the contribution rate for regular members in the Employer Pay Plan by 0.50 percent, with the remaining cost related to the increased retirement contribution being financed by a decrease of 0.50 percent in employee compensation, effective July 1, 2009. Financing the costs for increased retirement contributions for police/fire members under the Employer Pay Plan is recommended in a similar fashion, with the contribution rate increasing by one-half of the necessary increase and employee compensation being reduced to finance the remaining 50 percent of the increased cost, effective July 1, 2009.

## **PUBLIC EMPLOYEES' BENEFITS PROGRAM**

The Public Employees' Benefits Program (PEBP) provides various insurance coverages for state employees, retirees, and their dependents, if the participant chooses to cover his/her dependents. In addition, any non-state public agency can join the program to provide coverage for their employees, retirees and dependents. The insurance coverage includes health, life, accidental death and dismemberment, travel accident and long-term disability. Other voluntary optional insurance coverages are available for those participants who elect to purchase additional coverage.

The largest portion of the program is health insurance, which includes dental, vision, mental health, substance abuse and prescription coverage; the majority of this health coverage is self-insured. The program does allow participants to elect to be covered by a Health Maintenance Organization (HMO) rather than the self-funded plan. Accidental death and dismemberment, travel accident, long-term disability, and life insurance benefits are fully insured by outside carriers.

The program continues to experience positive financial results and anticipates ending the current biennium with the Incurred But Not Reported (IBNR) claims liability fully funded at \$34.9 million, the Rate Stabilization/Catastrophic Reserve funded at \$30.6 million, and excess reserves of \$5.3 million. Though two premium holidays were offered during the 2007-09 biennium which were designed to spend down excess reserves, the claims experience for PEBP continues to be positive, so the excess reserves were not entirely depleted, as the program had anticipated during the 2007 Legislature.

Funding for the PEBP is provided by the state contribution for active and retired employee participants, premiums paid by plan participants, miscellaneous revenue (application fees from entities wishing to participate, pharmacy rebates, Medicare Part D rebates, charges for copies) and Treasurer's interest. While there is no direct General Fund support in this account, a significant portion of the state contribution for state employees and retirees is funded through accounts supported with General Funds.

The Executive Budget for the 2009-11 biennium recommends expenditures (out of the main PEBP budget account and not including reserves) in the amounts of \$366 million for FY 2010 and \$400.5 million for FY 2011, for a total of \$766.5 million, in comparison to the legislatively-approved amount for the 2007-09 biennium of \$670.6 million.

The program was instructed to build its 2009-11 Agency Request budget based upon two constraints: (1) the state contribution for active employees must remain flat for both years of the biennium, and (2) the total amount expended on retiree health subsidies must remain at the approved FY 2009 level of \$44 million for each year of the 2009-11 biennium.

Using these constraints, the PEBP Board reviewed and approved a series of cost-shifting measures, which are recommended in The Executive Budget and outlined below.

#### Plan Design Changes

- Hold HMO premium increases to a maximum of 5 percent for FY 2010.
- Eliminate neuropathy and psychotherapy benefits for ADD/ADHD (these benefits were added to the program as of July 1, 2008).
- Remove the Health Assessment Questionnaire and the incentives for participating in it (50 percent reduction in deductible and enhanced dental benefit).
- Institute a single deductible for the PPO plan (\$725 individual, \$1,450 family, as opposed to current deductibles of \$500/individual and \$1,000/family on low-deductible plan, as most state employees choose).
- Index the annual out-of-pocket maximum at 50 percent of medical inflation.
- Index the annual deductible at 100 percent of medical inflation.

#### Changes in Amounts Participants Pay

- Reduce by approximately 5 percent the percentage of the premium covered by the subsidy in each coverage tier.
- Eliminate the subsidy for retired employees who retire after June 30, 2010 with less than 15 years of service.
- Allocate the Medicare Part D subsidy revenue received between PEBP and Medicare-eligible retirees.

In addition to the PEBP Board's plan for budget reductions, the Governor recommended other cost shifts to participants. They are listed below.

- Establish the base subsidy to cover 75 percent of the premium for active employees (versus current subsidization of 95 percent for most employees).
- Eliminate the subsidy for all Medicare retirees beginning July 1, 2009.
- Eliminate the subsidy for any employee who retires after July 1, 2009.
- Reduce the subsidy for existing non-Medicare retirees by 25 percent on July 1, 2009 and 25 percent more on July 1, 2010.

Medical trend and inflation (as recommended by the program's consultant/actuary) is included in the recommended budget in the amount of \$64.3 million for FY 2010 and \$95.6 million for FY 2011. Inflationary increases include the following.

- Medical (including prescriptions and vision) – 9.5 percent
- Dental – 6.5 percent
- Fully-insured products are inflated per the contractual agreement through the expiration of the contract (beyond the end of the contract, inflation is included at 10 percent per year).

### **RETIRED EMPLOYEES' GROUP INSURANCE (REGI)**

The Retired Employees' Group Insurance program was designed to defray a portion of health insurance premiums for employees who retire from state service and continue to participate in the state's group insurance plan. Funding for the program is through payroll assessments to state agencies to cover the costs of the state subsidy.

The FY 2008 and FY 2009 legislatively-approved REGI assessment was 4.29 and 4.50 percent respectively, of payroll. However, for the last two months of FY 2008 (May and June 2008) and for all of FY 2009 the rate was reduced to 2.97 percent of payroll. This was done in order to cease pre-funding of the retiree health care liability for the rest of the 2007-09 biennium as a budget reduction measure. Moreover, the REGI assessment was reduced further, from 2.97 percent to 1.57 percent, effective the February 1, 2009, pay period until the end of FY 2009.

For the 2009-11 biennium, the REGI assessments recommended in The Executive Budget are 1.17 percent for FY 2010 and 0.96 percent for FY 2011.

The following table identifies the monthly base subsidy amounts for retirees since FY 2005 and includes the Governor's recommendations for the upcoming biennium.

**Retired Employees (Base Subsidy Amount)**

<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010 Gov Rec</b>	<b>FY 2011 Gov Rec</b>
\$316.26	\$321.27	\$336.97	\$365.34	\$410.48	\$383.19	\$307.34
	1.58%	4.89%	8.42%	12.36%	-6.65%	-19.79%

*Nevada Revised Statutes* 287.046 provides that retirees who retired prior to January 1, 1994, are entitled to 100 percent of the base subsidy amount to be applied against the total premium for insurance coverage. Retirees who retired on or after January 1, 1994, are entitled to 25 percent of the base subsidy amount for five years of service and 7.5 percent for each additional year of service up to 20 years of service, which entitles them to 137.5 percent of the base subsidy amount.

The 2007 Legislature created the State Retirees' Health and Welfare Benefits Fund as an irrevocable trust fund to account for financial assets designated to offset the portion of the current and future costs of health insurance benefits for retirees (Senate Bill 547). Further, the 2007 Legislature approved pre-funding of the GASB liability in the amounts of \$28 million in FY 2008 and \$25 million in FY 2009 (all funding sources, not exclusively General Fund). However, due to budget reductions, the portion of the retirees' group insurance assessment that related to pre-funding was eliminated on May 1, 2008, as discussed above. The net assets in the retirees' fund at the end of FY 2008 were \$25.7 million. The Executive Budget does not provide for any pre-funding of the GASB liability during the 2009-11 biennium.

## **ACTIVE EMPLOYEES' GROUP INSURANCE (AEGIS)**

The Active Employees' Group Insurance budget was established by the 2007 Legislature as a mechanism to collect contributions made by each state entity for the benefit of their active employees. The contributions defray a portion of the individual insurance premiums for active employees in state government who participate in PEBP. Assessments on filled positions are charged to all state agencies, boards and commissions, the Legislative and Judicial Branches, the Public Employees' Retirement System, and the Nevada System of Higher Education.

The following table displays the state contribution per person per month for active employees since FY 2005 and includes the Governor's recommendations for the upcoming biennium.

### **Active Employees**

<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010 Gov Rec</b>	<b>FY 2011 Gov Rec</b>
\$558.07	\$481.19	\$500.20	\$557.30	\$626.16	\$549.00	\$596.75
	-13.78%	3.95%	11.42%	12.36%	-12.32%	8.70%

## **OFFICE OF THE MILITARY**

The Office of the Military is responsible for the supervision of the military affairs of the state, which includes both state and federal roles. The primary state mission is to respond to emergency situations such as civil or natural disasters. The primary federal mission is to provide combat-ready reserve forces for the United States Armed Forces. The Adjutant General provides command and control of the Army National Guard and the Air National Guard. Funding for the office is provided primarily through federal funding and state General Fund appropriations. For the 2009-11 biennium, The Executive Budget recommends state General Fund appropriations totaling \$7.45 million, which reflects a decrease of 5.4 percent as compared to the \$7.87 million approved by the 2007 Legislature.

Project ChalleNGe Funding – As a maintenance decision item, the Governor proposes to eliminate state funding for Project ChalleNGe, resulting in General Fund savings of \$1.1 million per year (\$2.2 million total for the biennium). However, as an enhancement, the Governor restores General Fund appropriations of \$389,007 in FY 2009-10 and \$680,000 in FY 2010-11 to re-establish Project ChalleNGe and to send eligible students to an out-of-state academy.

Continuation of Budget Reductions – During the 2007-09 biennium, the Office of the Military eliminated three positions, consisting of two Custodial Workers and one Maintenance Repair Worker. The Governor's budget continues the eliminations in the 2009-11 biennium, with General Fund savings of approximately \$116,000 per year.

New Carlin Armory Budget – The Governor proposes to create a new Carlin Armory budget account within the Office of the Military to support Operations and Maintenance (O&M) at the University of Nevada, Reno Fire Science Academy (FSA). The State Public Works Board plans to renovate the FSA to establish a Nevada Army National Guard Readiness Center (2009-11 CIP Project C15) in lieu of constructing a new Readiness Center in Elko. The Executive Budget proposes to transfer \$456,242 in staff (10.75 positions) and associated operating costs in FY 2010-11 from the University of Nevada, Reno to the Office of the Military, commencing January 2011.

New Emergency Operations Center (EOC) Budget – The Governor proposes to transfer Emergency Operations Center rent revenues, personnel and related operating costs from the main Military account to a new EOC budget account.

## **OFFICE OF VETERANS' SERVICES**

The Office of Veterans' Services is responsible for assisting veterans and their families in obtaining services, compensation and government benefits to which they are entitled. In addition, they are responsible for serving as the court-appointed guardian for those veterans determined by the courts as unable to handle their own financial matters. The office is also responsible for supervising the operation and maintenance of the two State Veterans' Memorial Cemeteries located in Boulder City and Fernley and for overseeing the operation of the State Veterans' Home in Boulder City. The nine-member Nevada Veterans' Services Commission advises the Executive Director and the Deputy Executive Director of the office and also makes recommendations to the office, the Governor and the Legislature regarding aid or benefits to veterans.

For the 2009-11 biennium, the Governor's budget recommends General Fund support of \$3.8 million for the Commissioner for Veterans' Affairs account, which represents a 1.0 percent increase over amounts approved for the 2007-09 biennium. The Governor recommends transferring the Administrative Services Officer II position and associated costs (\$80,817 in FY 2009-10 and \$81,278 in FY 2010-11) from the Veterans' Home budget in southern Nevada to the Commissioner for Veterans' Affairs budget in northern Nevada. The agency indicates the transfer of this position, which is funded with General Funds, would allow the ASO II to participate more readily in agency strategic planning with the Executive Director located in northern Nevada. The Governor recommends General Funds of \$101,190 over the biennium to fund replacement computer hardware and software. The budget also recommends federal grant funds of \$4.9 million for one capital improvement project (C18) to expand the Boulder City Veterans' Cemetery.

## **VETERANS' HOME**

The Nevada State Veterans' Home is a 180-bed, 24-hour skilled nursing facility located in Boulder City. The home admitted its first residents in August 2002 and provides a

wide range of residential and support services for veterans, their spouses, and Gold Star residents (parents who had a child that died while in military service). While total funding recommended in The Executive Budget for the 2009-11 biennium is recommended to decrease by 1.3 percent over the amount legislatively approved for the 2007-09 biennium, the recommended General Fund support represents a 66.1 percent decrease from the legislatively-approved amount for the 2007-09 biennium. The General Fund decrease is offset with Medicaid receipts increasing from \$4.4 million in FY 2007-08 to \$5.4 million in FY 2009-10 and \$5.8 million in FY 2010-11, representing increases of 23.5 percent and 32.0 percent, respectively.

The Governor recommends two new positions for the Veterans' Home account, one Registered Nurse IV and one Registered Dietician II. The Registered Nurse IV would serve as a float position to cover vacations and unexpected and planned sick leave in the Veterans' Home nursing staff. The Governor recommends funding this new position with reductions to overtime and contract nursing services. The Registered Dietician II position would replace the current contract dietician in order to provide a higher level of service for the home's residents. The Governor recommends funding this new position with reductions to the Veterans' Home food service contract.

The Executive Budget recommends General Funds of \$157,715 in FY 2009-10 and \$250,213 in FY 2010-11 for the purchase of replacement equipment, including computer hardware and software, floor replacement, and various pieces of equipment for the clinical and maintenance departments. The budget also recommends state funds of \$335,319 for one capital improvement project (M09) to replace the failing cooling towers at the Nevada State Veterans' Home.





**Nevada Legislative Counsel Bureau**  
**Source of Funds Summary**  
**2009-11 Fiscal Report**

	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>SPECIAL PURPOSE AGENCIES</b>						
<b>PUBLIC EMPLOYEES RETIREMENT SYSTEM</b>						
<b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM</b>	10,551,149	10,562,224	9,639,671	-8.73	9,708,539	.71
GENERAL FUND	112,557					
BALANCE FORWARD	200,000	200,000	200,000		200,000	
OTHER FUND	10,238,592	10,362,224	9,439,671	-8.90	9,508,539	.73
<b>TOTAL PUBLIC EMPLOYEES RETIREMENT SYSTEM</b>	10,551,149	10,562,224	9,639,671	-8.73	9,708,539	.71
GENERAL FUND	112,557					
BALANCE FORWARD	200,000	200,000	200,000		200,000	
OTHER FUND	10,238,592	10,362,224	9,439,671	-8.90	9,508,539	.73
<b>PUBLIC EMPLOYEES BENEFITS PROGRAM</b>						
<b>PUBLIC EMPLOYEES BENEFITS PROGRAM</b>	284,628,081	434,712,243	438,710,905	.92	475,932,035	8.48
BALANCE FORWARD	8,303,671	93,428,094	71,759,547	-23.19	72,682,773	1.29
INTER-AGENCY TRANSFER	198,233,028	251,528,122	191,261,867	-23.96	204,229,540	6.78
OTHER FUND	78,091,382	89,756,027	175,689,491	95.74	199,019,722	13.28
<b>RETIRED EMPLOYEE GROUP INSURANCE</b>	59,442,545	40,501,258	17,018,737	-57.98	14,119,046	-17.04
BALANCE FORWARD	1,706,519	38,902	38,902			
INTER-AGENCY TRANSFER	57,500,275	40,420,906	16,979,835	-57.99	14,119,046	-16.85
OTHER FUND	235,751	41,450				
<b>ACTIVE EMPLOYEES GROUP INSURANCE</b>	164,875,377	208,246,329	171,433,979	-17.68	187,301,343	9.26
BALANCE FORWARD	712,645					
INTER-AGENCY TRANSFER	164,162,732	208,246,329	171,433,979	-17.68	187,301,343	9.26
<b>TOTAL PUBLIC EMPLOYEES BENEFITS PROGRAM</b>	508,946,003	683,459,830	627,163,621	-8.24	677,352,424	8.00
BALANCE FORWARD	10,722,835	93,466,996	71,798,449	-23.18	72,682,773	1.23
INTER-AGENCY TRANSFER	419,896,035	500,195,357	379,675,681	-24.09	405,649,929	6.84
OTHER FUND	78,327,133	89,797,477	175,689,491	95.65	199,019,722	13.28
<b>DEFERRED COMPENSATION</b>						
<b>DEFERRED COMPENSATION COMMITTEE</b>	265,447	390,124	494,738	26.82	436,916	-11.69
BALANCE FORWARD	120,984	96,256	143,630	49.22	85,981	-40.14
INTER-AGENCY TRANSFER	137,509	292,298	345,173	18.09	345,000	-.05
OTHER FUND	6,954	1,570	5,935	278.03	5,935	
<b>TOTAL DEFERRED COMPENSATION</b>	265,447	390,124	494,738	26.82	436,916	-11.69
BALANCE FORWARD	120,984	96,256	143,630	49.22	85,981	-40.14
INTER-AGENCY TRANSFER	137,509	292,298	345,173	18.09	345,000	-.05
OTHER FUND	6,954	1,570	5,935	278.03	5,935	
<b>OFFICE OF MILITARY</b>						
<b>MILITARY</b>	13,496,861	19,736,278	16,061,661	-18.62	16,473,196	2.56
GENERAL FUND	3,458,387	4,049,011	3,305,838	-18.35	3,575,659	8.16
BALANCE FORWARD	152,381					
FEDERAL FUND	9,414,299	15,263,677	12,755,823	-16.43	12,897,537	1.11
INTER-AGENCY TRANSFER	346,030	423,590				
OTHER FUND	697,705					
REVERSIONS	-571,941					

**Nevada Legislative Counsel Bureau**  
**Source of Funds Summary**  
**2009-11 Fiscal Report**

	2007-2008 Actual	2008-2009 Work Program	2009-2010 Governor Recommends	% Change	2010-2011 Governor Recommends	% Change
<b>MILITARY CARLIN ARMORY</b>					456,242	
GENERAL FUND					456,242	
<b>MILITARY EMERG OPERATIONS CENTER</b>			345,978		354,372	2.43
BALANCE FORWARD					8,394	
INTER-AGENCY TRANSFER			345,978		345,978	
<b>MILITARY ADJUTANT GENERAL CONSTRUCTION FUND</b>		35,408	35,908	1.41	36,408	1.39
BALANCE FORWARD		34,908	35,408	1.43	35,908	1.41
OTHER FUND		500	500		500	
<b>MILITARY NATIONAL GUARD BENEFITS</b>	39,781	56,250	55,094	-2.06	55,100	.01
GENERAL FUND	25,250	25,250	55,094	118.19	55,100	.01
INTERIM FINANCE	20,000	31,000				
REVERSIONS	-5,469					
<b>MILITARY PATRIOT RELIEF FUND</b>	229,833	956,792	541,792	-43.37	281,959	-47.96
GENERAL FUND		316,325				
BALANCE FORWARD	229,833	640,467	541,792	-15.41	281,959	-47.96
<b>TOTAL OFFICE OF MILITARY</b>	13,766,475	20,784,728	17,040,433	-18.01	17,657,277	3.62
GENERAL FUND	3,483,637	4,390,586	3,360,932	-23.45	4,087,001	21.60
BALANCE FORWARD	382,214	675,375	577,200	-14.54	326,261	-43.48
FEDERAL FUND	9,414,299	15,263,677	12,755,823	-16.43	12,897,537	1.11
INTER-AGENCY TRANSFER	346,030	423,590	345,978	-18.32	345,978	
INTERIM FINANCE	20,000	31,000				
OTHER FUND	697,705	500	500		500	
REVERSIONS	-577,410					
<b>VETERANS' SERVICES</b>						
<b>COMMISSIONER FOR VETERANS' AFFAIRS</b>	2,333,678	2,799,662	2,620,664	-6.39	2,650,610	1.14
GENERAL FUND	1,797,191	1,941,521	1,881,581	-3.09	1,892,977	.61
FEDERAL FUND	671,600	744,150	711,463	-4.39	731,394	2.80
INTER-AGENCY TRANSFER	15,000	97,491				
OTHER FUND	29,075	16,500	27,620	67.39	26,239	-5.00
REVERSIONS	-179,188					
<b>VETERANS' HOME ACCOUNT</b>	15,160,678	17,173,834	15,777,371	-8.13	15,951,168	1.10
GENERAL FUND	1,086,821	1,346,953	535,950	-60.21	288,057	-46.25
BALANCE FORWARD	291,807	416,929				
FEDERAL FUND	3,942,165	5,060,774	4,419,346	-12.67	4,378,152	-.93
INTER-AGENCY TRANSFER	4,548,268	5,295,788	5,444,408	2.81	5,820,693	6.91
OTHER FUND	5,392,282	5,053,390	5,377,667	6.42	5,464,266	1.61
REVERSIONS	-100,665					
<b>TOTAL VETERANS' SERVICES</b>	17,494,356	19,973,496	18,398,035	-7.89	18,601,778	1.11
GENERAL FUND	2,884,012	3,288,474	2,417,531	-26.48	2,181,034	-9.78
BALANCE FORWARD	291,807	416,929				
FEDERAL FUND	4,613,765	5,804,924	5,130,809	-11.61	5,109,546	-.41
INTER-AGENCY TRANSFER	4,563,268	5,393,279	5,444,408	.95	5,820,693	6.91
OTHER FUND	5,421,357	5,069,890	5,405,287	6.62	5,490,505	1.58
REVERSIONS	-279,853					

**Nevada Legislative Counsel Bureau  
Source of Funds Summary  
2009-11 Fiscal Report**

	<b>2007-2008 Actual</b>	<b>2008-2009 Work Program</b>	<b>2009-2010 Governor Recommends</b>	<b>% Change</b>	<b>2010-2011 Governor Recommends</b>	<b>% Change</b>
<b>SPECIAL PURPOSE AGENCIES</b>						
GENERAL FUND	6,480,206	7,679,060	5,778,463	-24.75	6,268,035	8.47
BALANCE FORWARD	11,717,840	94,855,556	72,719,279	-23.34	73,295,015	.79
FEDERAL FUND	14,028,064	21,068,601	17,886,632	-15.10	18,007,083	.67
INTER-AGENCY TRANSFER	424,942,842	506,304,524	385,811,240	-23.80	412,161,600	6.83
INTERIM FINANCE	20,000	31,000				
OTHER FUND	94,691,741	105,231,661	190,540,884	81.07	214,025,201	12.33
REVERSIONS	-857,263					
<b>TOTAL FOR SPECIAL PURPOSE AGENCIES</b>	<b>551,023,430</b>	<b>735,170,402</b>	<b>672,736,498</b>	<b>-8.49</b>	<b>723,756,934</b>	<b>7.58</b>
Less: INTER-AGENCY TRANSFER	424,942,842	506,304,524	385,811,240	-23.80	412,161,600	6.83
<b>NET SPECIAL PURPOSE AGENCIES</b>	<b>126,080,588</b>	<b>228,865,878</b>	<b>286,925,258</b>	<b>25.37</b>	<b>311,595,334</b>	<b>8.60</b>



## **APPENDIX**

### **Report of the State of Nevada Economic Forum**

*Forecast of Future State Revenues  
December 1, 2008*



# **STATE OF NEVADA ECONOMIC FORUM**



## **FORECAST OF FUTURE STATE REVENUES**

**December 1, 2008**





# THE STATE OF NEVADA ECONOMIC FORUM

Cathy Santoro, Chairwoman  
John Restrepo, Vice Chairman  
Mike Alastuey  
Bill Hartman  
Linda Rosenthal



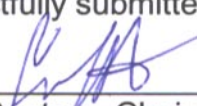
December 1, 2008

The Honorable Jim Gibbons  
Governor of Nevada  
Capitol Building  
Carson City, Nevada 89701-4747

Dear Governor Gibbons:

Enclosed is the Economic Forum's report on future state revenues prepared pursuant to Nevada Revised Statutes 353.228. This report, which must be presented by December 1, 2008, includes a description of the purpose of the Economic Forum, the methodology employed in arriving at the estimated General Fund revenues, economic assumptions and the final revenue projections. As required by statute, the Economic Forum plans to revisit these projections before May 1, 2009, to determine if any adjustment is necessary.

Respectfully submitted,

  
Cathy Santoro, Chairwoman  
State of Nevada Economic Forum

  
John Restrepo, Vice Chairman

  
Mike Alastuey

  
Bill Hartman

  
Linda Rosenthal

Enclosure



# THE STATE OF NEVADA ECONOMIC FORUM

Cathy Santoro, Chairwoman  
John Restrepo, Vice Chairman  
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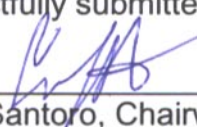
December 1, 2008

Members of the 75th Legislature  
Legislative Building  
Capitol Complex  
Carson City, Nevada 89701-4747

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Respectfully submitted,

  
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Enclosure



## **REPORT TO THE GOVERNOR AND THE LEGISLATURE ON FUTURE STATE REVENUES**

**December 1, 2008**

Senate Bill 23 (1993) provided for the creation of an Economic Forum to forecast future state General Fund revenues. The Forum, a panel of five representatives from the private sector with backgrounds in economics, business, and taxation, is required to adopt an official forecast of unrestricted General Fund revenues for the biennial budget cycle. All agencies of the state, including the Governor and the Legislature, must use the Forum's forecast. A seven-member Technical Advisory Committee made up of Executive and Legislative Branch staff members as well as a representative of local government was also created in S.B. 23 to provide whatever assistance and resources the Forum required.

The Forum must present its forecast to the Governor and the Legislature by December 1, 2008, and any required revisions by May 1, 2009. This report includes forecasts of unrestricted General Fund revenues for Fiscal Years 2008-09, 2009-10 and 2010-11.

### **Methodology and Procedures**

The Governor appointed the five members of the Economic Forum in 2008 for a two-year term. These appointments include two members nominated by the leadership of the Senate and Assembly. The Forum has since met in open meeting three times between October 2, 2008, and December 1, 2008, to complete its assigned responsibilities and duties regarding the approval of forecasts of unrestricted General Fund revenues for Fiscal Years 2008-09, 2009-10, and 2010-11.

The first meeting of the Forum on October 2, 2008, was devoted to organizing and reviewing the assigned task; reviewing previous forecasts and outcomes; reviewing how the forecasts were prepared by the different forecasters; and determining a course of action for future meetings. At that time, the Forum directed the Technical Advisory Committee to prepare independent forecasts for those revenues normally projected by individual state agencies, the Budget Division of the Department of Administration and the Fiscal Analysis Division of the Legislative Counsel Bureau. The Forum also requested that the economic assumptions underlying the projections for major revenues be provided. In addition, the Forum solicited information from others known to develop such data and asked for commentary from economic experts not directly involved in the forecasting process.

In response to this request, the Budget Division and the Fiscal Analysis Division provided projections and economic analyses for seven major General Fund revenues at the second meeting of the Forum on November 3, 2008. The Department of Taxation and the Gaming Control Board also provided projections and economic analyses concerning the major revenues they have the responsibility to collect. The Forum also received forecasts of all minor General Fund revenues developed by the Technical Advisory Committee for its review and consideration.

In addition to the state agency information, the Economic Forum received forecasts of gaming percentage fees and sales taxes and state and national economic analysis from Global Insight, an economic and information consulting firm under contract with the state. Other public and private experts provided various economic analyses to the Forum on the current and future outlook for the state's employment and housing situation. This process allowed the Forum to review results from a variety of econometric models and other analytical approaches to revenue estimation. The Economic Forum reviewed the forecast information and developed a preliminary forecast of General Fund revenues and requested that updated forecasts and information be provided at the meeting on December 1, 2008.

At its December 1, 2008, meeting, the Economic Forum received the updated economic and revenue information from the state agencies, the Technical Advisory Committee, Global Insight and others to produce the binding forecast of all unrestricted General Fund revenue. A copy of that forecast is attached. A final meeting of the Forum will be scheduled on or before May 1, 2009, to make any necessary revisions to the December 1, 2008, forecast.

### **Economic Review: 2004 – 2007**

Following several years of economic expansion, the U.S. economy began showing signs of weakness in 2005 and 2006 as the anticipated correction in the housing market was beginning to take shape. A review of recent economic performance reveals the declines experienced across many sectors of the economy as the negative effects of the housing market turned out to be more severe and widespread than expected. Table 1 highlights the annual growth in select U.S. and Nevada economic indicators.

TABLE 1. ANNUAL GROWTH IN ECONOMIC INDICATORS  
CALENDAR YEARS 2004 - 2007

	2004	2005	2006	2007
<u>U.S.</u>				
Real GDP	3.6%	2.9%	2.8%	2.0%
Employment (Total Nonfarm)	1.1%	1.7%	1.8%	1.1%
Wage Growth	2.6%	5.5%	5.1%	6.3%
Personal Income	6.1%	5.6%	7.1%	6.0%
Consumer Price Inflation	2.7%	3.4%	3.2%	2.9%
Energy	10.8%	17.0%	11.0%	5.6%
Housing Starts	5.2%	6.3%	-12.6%	-26.0%
Oil (\$ per barrel)	\$41	\$57	\$66	\$72
<u>Nevada</u>				
Employment (Total Nonfarm)	5.9%	6.1%	4.6%	1.0%
Personal Income	12.7%	12.2%	7.2%	5.4%
Wage Growth	7.7%	11.5%	10.7%	8.1%
Las Vegas Visitors	5.2%	3.2%	0.9%	0.7%

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Nevada Department of Employment, Training and Rehabilitation, Las Vegas Convention and Visitor Authority

Real Gross Domestic Product (GDP) growth slowed to 2.0 percent in 2007, marking the third consecutive year of decline in the rate of growth following the peak of 3.6 percent growth reached during the previous expansion. Employment and wage growth played

major roles during this expansion through 2005, and although employment growth slowed from 2006 to 2007, wage growth remained strong, reaching 6.3 percent in 2007 despite the slowing economic conditions. Growth in total employment slowed to 1.1 percent in 2007 from 1.8 percent in 2006 driven by job losses in the construction industry as a result of the steep decline in housing starts. The struggling auto industry in the Midwest states also contributed to lower employment growth.

In 2005 the Consumer Price Index (CPI), which measures the increase in consumer prices, had increased to 3.4 percent and inflation driven by high energy prices was seen as a major concern. Inflationary pressures subsided to some extent during 2006 and the first half of 2007 and provided a nice compliment to increases achieved from wages. The CPI declined slightly to 2.9 percent in 2007, driven mainly by a drop in energy costs. The portion of the CPI that measures electricity, gasoline and other fuel prices, spiked 10.6 percent in 2005 due to supply disruptions caused by the damage to Gulf Coast refineries in the wake of Hurricane Katrina before falling to just 3.0 percent in 2007. However, during the second half of 2007 this component of the index increased to 4.3 percent and contributed to increases in the index for food, which averaged 4.5 percent during the second half of 2007.

On a national level, signs of a slowing housing market – marked by high inventories, falling prices, and increases in foreclosure rates – began showing in late 2006, with expectations of a soft landing and eventual recovery beginning in 2008. The expectations of a minor market correction gave way to a more prolonged and pronounced decline during 2007, as prices and demand continued to decline at rates that suggested that the eventual landing would be harder and deeper than initially believed.

At the same time that demand and prices were decreasing, pressure on homeowners increased, particularly among those borrowers who had obtained subprime loans. By the middle of 2007, new records were being set for mortgages entering foreclosure, straining (and, in some cases, breaking) mortgage companies and banks nationwide. The financial troubles of mortgage companies dealing in subprime lending quickly spread throughout the financial industry, as more and more financial institutions were



affected by the widespread increase in defaults and delinquencies. The effect of these foreclosures on the financial industry had, by the end of 2007, manifested into additional issues – devaluation of bank assets, liquidity risks, and inaccessibility to credit for both businesses and individuals, among others – that have permeated the economy (in the U.S. as well as worldwide) at virtually all levels.

New home builders, who had benefited greatly from the nationwide housing booms of the early 2000s, were faced with excessive inventories and reduced demand as the market decline continued. New home construction, which began its declines in 2006, continued to decline throughout 2007, as total starts descended toward the one million level nationwide.

TABLE 2: SELECTED HOUSING MARKET STATISTICS  
CALENDAR YEARS 2004 - 2007

	2004	2005	2006	2007
New Housing Starts (% change)	5.2%	6.3%	-12.6%	-26.0%
Average New House Price (% change)	11.4%	6.8%	4.7%	1.7%
Sales of New Single-Family Homes (% change)	10.1%	6.5%	-18.0%	-26.8%
Average Existing House Price (% change)	9.0%	9.5%	1.3%	-2.1%
Sales of Existing Single-Family Homes (% change)	8.6%	4.5%	-7.7%	-13.1%
New Single-Family Mortgage Loans (% change)	28.7%	7.2%	-2.4%	-34.4%
Outstanding Single-Family Mortgages (% change)	14.5%	13.4%	11.5%	6.8%

Sources: Global Insight, National Association of Realtors, Office of Federal Housing Enterprise Oversight, US Census Bureau

During much of the past decade, Nevada has enjoyed the status of being the fastest growing state in the nation with economic activity that has generally outpaced the national average. During 2004 and 2005, Nevada's total employment grew four to five times faster than national employment, and similarly, wages grew at twice the rate of national wage growth. Given the state's rapid population growth, much of the success in the Nevada economy over the past decade has been attributed to the phenomenal growth associated with residential and non-residential construction. As a result, when economic conditions began to deteriorate with the collapse of the housing market, Nevada became one of the hardest hit states in the country in terms of foreclosure rates and the loss of jobs in the construction sector. Nevada employment growth slowed considerably in 2007 to 1.0 percent and fell slightly below the national average of 1.1 percent.

Nevada's economy was further impacted by the sharp decline in the growth rate of visitors to Las Vegas, as reported by the Las Vegas Convention and Visitors Authority, which fell from 5.1 percent in 2004 to just 0.7 percent in 2007. For the most part, Nevada's tourism sector and the overall economy has shown considerable resiliency to previous downturns in the national economy, but the state's ability to overcome the additional negative effects of the struggling state economy as well was proving to be a more difficult challenge.

### ***Worsening Economic Conditions Spread Globally in 2008***

By the third quarter of 2008, the housing market correction created a crisis in the financial markets as double-digit increases in mortgage foreclosure rates related primarily to subprime home loans put a freeze on the availability of credit and contributed to significant declines in the stock market. By the third quarter of 2008, the crisis had reached acute levels with the failures of prominent financial institutions and banks worldwide, such as Lehman Brothers and American International Group (AIG), largely caused by loss of confidence by investors in mortgage-backed securities that resulted in a liquidity crisis for these firms.

In response to this crisis, the U.S. government began plans to use public money to stabilize the financial system, after having already provided direct economic stimulus to consumers earlier in the year through income tax rebates. On October 3, Congress passed (and President Bush signed) the Emergency Economic Stabilization Act of 2008, which authorized the U.S. Treasury Department to inject as much as \$700 billion into the financial system through purchases of mortgage-backed securities and loans to banks. As of the present, however, much of the details as to how to distribute the money pledged by this Act into the Troubled Assets Relief Program have yet to be determined.

Consideration has been given by President-elect Barack Obama as to the usage of public money for additional economic stabilization in 2009, with the potential for money to be available for other industries in need of financial help, such as the automotive industry.

Despite the uncertainties in the financial market, real GDP has continued to grow through 2008, with an average annual increase of 4.4 percent for the first two quarters of the year. Quarter-to-quarter real GDP growth, which has been at or near 1.0 percent for the first two quarters of the year, is expected to be negative for the last two quarters of 2008 and the first two quarters of 2009 – a signal that economic recovery may not be imminent, even with the influx of government spending that has been authorized in the latter half of this year.

### Housing

By late 2007, most experts observing the decline in the housing market through that year stated that the market, rather than beginning to recover in 2008, would continue its decline through the new year. These predictions have proven thus far to be true, as housing starts, sales, and prices have continued to decline through the first three quarters of 2008. These declines have been fueled, in part, by a continued increase in the number of foreclosures and a tightening of the credit market that has made it far more difficult to purchase a home than it was earlier in the decade.

Nationwide, total existing single-family housing sales are expected to decline from slightly less than 5 million units in 2007 to 4.3 million units in 2008. This decrease in demand is also expected to have a negative effect on prices, with the average existing house price in the U.S. declining 8.5 percent, from \$263,800 in 2007 to \$241,300 in 2008.

The decline in new home starts that was evident in 2007 has also continued into 2008 as the market has attempted to clear an excess of existing inventory. Total single-family housing starts in the U.S. are expected to be approximately 628,000 in 2008, down from slightly more than 1 million in 2007. This decrease in supply, along with the national decrease in demand for the purchase of housing, has also led to a decline in new house prices. The average new house price nationwide is expected to be \$289,300 in 2008, a 6.3 percent decline from the average price of \$308,800 in 2007.

In Nevada, declines in home starts, sales, and prices that have been at or above the national levels have been further complicated in 2008 by an extremely high level of foreclosures. According to the national real estate firm RealtyTrac, Nevada led the nation in the number of foreclosures for the 22<sup>nd</sup> consecutive month in October 2008, with one filing for every 74 homes in the state.

### Inflation

In late 2007 and early 2008 rapidly increasing gas prices contributed to higher prices for food and other consumer goods and services due to increased transportation costs. Through the first three quarters of 2008, consumer inflation averaged 4.6 percent while the component of the CPI that measures electricity, gasoline and other fuel prices averaged 10.2 percent during the same period.

Average crude oil prices, as measured by the West Texas Intermediate Spot rate, rose from an average of \$75 a barrel in the third quarter of 2007 to an average of more than \$123 a barrel in the third quarter of 2008, with daily spot prices reaching above \$140 a barrel at times. Increased worldwide demand relative to supply combined with political events and conflicts in some of the oil producing regions contributed to the run up in oil prices. Gas prices rose from \$2.50 per gallon in the second quarter of 2007 to well above \$4.00 per gallon during the summer months of 2008. As a result of the collapse in the housing market, the uncertainty related to the credit and financial markets combined with the increasing gas prices, overall conditions in the U.S. and the global economy began to deteriorate more rapidly.

The depressed economic conditions helped to reduce the demand for oil, which contributed to declines in prices for gas and other consumer goods during the third and fourth quarters of 2008. Consumer prices dropped significantly as a result of the lower gas prices and retailers drastically cut prices in an effort to attract customers faced with increasing unemployment and overall poor economic conditions. Consumer prices experienced the largest one-month decline in 61 years by dropping 1.0 percent between September and October of 2008. This significant decline in prices actually raised discussion about the possibility of experiencing deflation which hasn't occurred since

the Great Depression. The high gas prices experienced during the summer months of 2008 fell to below \$2.00 per gallon by the middle of the fourth quarter.

### Employment

U.S. employment continued to contract in 2008, with a decline of 1.2 million jobs over the first ten months of the year. Employment growth remained in positive territory through the first five months of 2008, growing at 0.4 percent compared to the same period in 2007. Employment growth turned negative in June 2008 for the first time since November 2003, declining by an average of 0.4 percent from June through October compared to the same period in 2007. The steepest employment declines continued to appear in the construction industry, which posted its 19<sup>th</sup> consecutive month of negative growth in October 2008 with a decline of 6.5 percent compared to October 2007. The manufacturing and retail sectors also posted year-over-year declines of 3.8 percent and 1.8 percent, respectively, in October 2008. The unemployment rate rose to 6.5 percent in October 2008, which marks the highest unemployment rate since June 2003. Wage growth slowed considerably to 3.4 percent in the first three quarters of 2008 compared to the previous year.

Following the national trend, total nonfarm employment in Nevada had declined by 0.2 percent through the second quarter of 2008 compared to the same period a year ago, while growth in wage disbursements had also slowed to 4.3 percent during the same period. Total employment in Nevada continued to trend downward with a decline of 0.4 percent in the third quarter 2008 compared to the third quarter 2007. The unemployment rate, which had bottomed out at just above 4.0 percent in the second quarter of 2006, stood at 7.6 percent in October 2008, marking its highest level since May 1985. Given the overall weakness in the national economy and reduced levels of tourism, the weakness in Nevada's labor markets is anticipated to continue through the third quarter of 2010.

## Consumer Spending

Consumer spending, which had held steady through 2007, began to decline in 2008 as a result of growing mortgage burdens and increases in energy costs. The average cost of a gallon of gas nationwide, which began the year at under \$3.00 per gallon, continued its increase throughout the year, surpassing \$4.00 per gallon by the middle of the year.

To attempt to ward off a recession, President George W. Bush, on February 12, signed the Economic Stimulus Act, which provided a rebate check of up to \$1,800 to qualifying persons filing a federal tax return. The rebates, which were distributed beginning in late April, had minimal effect, as real consumer spending increased by only 1.2 percent during the second quarter of 2008.

The effects of the economic stimulus were also short-lived, as real consumer spending for the third quarter of 2008 was expected to decrease by 3.2 percent. Though gasoline prices had significantly declined during September and October (to a nationwide average below \$2.00 per gallon), declining home equities and increased joblessness, coupled with expectations of deflation occurring well into 2009, have led to declines in consumer spending not seen since the recession of 1990-91.

## **Economic Outlook: 2007 - 2009**

National forecasts prepared by Global Insight predict that economic growth, as measured by the growth in inflation-adjusted Gross Domestic Product (real GDP), show a deepening recession as the federal government and the Federal Reserve attempt to deal with the financial crisis and unfreeze credit markets. Based on its November 2008 outlook, Global Insight forecasts that real GDP will decrease for three consecutive quarters from the fourth quarter of 2008 through the second quarter of 2009 after decreasing by 0.3 percent in the third quarter of 2008. Real GDP is forecast to decrease by 1.0 percent in calendar year 2009, increase by only 1.7 percent in 2010 and increase by 3.1 percent in 2011 as the economy begins to recover from the impacts of the financial crisis of 2008 and 2009.

Inflation, which was considered a problem in the summer and fall of 2008 as oil and gas prices increased, is no longer a major concern at the end of 2008 and into 2009 and 2010. In fact, Global Insight is actually expecting a deflationary environment in the first half of 2009 with the Consumer Price Index projected to decline by 0.9 percent in calendar year 2009.

However, conditions are expected to start to improve slightly by the end of calendar year 2009, when the economy is expected to turn. Real GDP growth is expected to increase by 1.0 to 2.0 percent in the fourth quarter of 2009 and first quarter of 2010 and increase in the 2.0 to 3.0 percent range from the second quarter of 2010 through middle of calendar year 2011. However, employment levels will remain subdued as they are forecast to increase by only 0.1 percent in 2010 and 1.4 percent in 2011 after a projected decline of 1.5 percent in 2009. Table 3 shows some highlights from Global Insight's November 2008 U.S. baseline forecast.

TABLE 3. GLOBAL INSIGHT U.S. FORECASTS - BASELINE SCENARIO  
CALENDAR YEARS 2008 - 2011

	2008	2009	2010	2011
Real Gross Domestic Product (% Change)	1.3%	-1.0%	1.7%	3.1%
Consumer Price Index (% Change)	3.9%	-0.9%	2.4%	3.0%
Housing Starts (% Change)	-30.9%	-22.9%	51.4%	28.2%
Personal Income (% Change)	4.2%	2.1%	2.4%	4.6%
Employment (% Change)	-0.1%	-1.5%	0.1%	1.4%
Unemployment Rate	5.7%	7.7%	8.2%	7.8%
3-month Treasury Bill Rate	1.5%	0.9%	1.8%	4.0%
10-year Treasury Note Yield	3.8%	3.6%	3.9%	5.1%

There is a degree of uncertainty associated with any forecast, but perhaps this point is especially true given the current economic and political environment. Global Insight assigns a 60 percent probability to the baseline scenario prepared in November 2008 portrayed in Table 3. Global Insight also believes that there is a 25 percent probability that economic conditions in the next three years could be worse than those described in the baseline forecast. In its pessimistic forecast, real GDP growth would fall by 2.4 percent in 2009 and increase by only 0.3 percent in 2010. The deflationary environment would become more severe with the Consumer Price Index falling by 2.0 percent in 2009. Employment is projected to decline in both 2009 and 2010 before

recovering slightly in 2011. Table 4 shows some highlights from Global Insight's pessimistic scenario.

TABLE 4. GLOBAL INSIGHT U.S. FORECASTS - PESSIMISTIC SCENARIO  
CALENDAR YEARS 2008 - 2011

	2008	2009	2010	2011
Real Gross Domestic Product (% Change)	1.3%	-2.4%	0.3%	2.9%
Consumer Price Index (% Change)	3.8%	-2.0%	2.2%	4.2%
Housing Starts (% Change)	-31.7%	-27.2%	36.9%	30.4%
Personal Income (% Change)	4.2%	1.1%	0.5%	4.5%
Employment (% Change)	-0.1%	-2.1%	-0.9%	1.1%
Unemployment Rate	5.7%	8.2%	9.2%	8.8%
3-month Treasury Bill Rate	1.5%	0.5%	2.0%	5.0%
10-year Treasury Note Yield	3.7%	3.1%	3.9%	5.9%

Global Insight believes that there is a 15 percent probability that the recession could be milder due to the Federal Reserve's aggressive response to the financial markets crisis and the federal government's fiscal assistance and stimulus programs. In its optimistic forecast, real GDP does not decrease in 2009, but only increases by 0.4 percent. Additionally, the recovery is more robust with real GDP increasing by 2.8 percent in 2010, compared to 1.7 percent in the baseline scenario, but the outlook for growth in 2011 is relatively unchanged from the baseline forecast. Table 5 shows some highlights from Global Insight's optimistic scenario.

TABLE 5. GLOBAL INSIGHT U.S. FORECASTS - OPTIMISTIC SCENARIO  
CALENDAR YEARS 2008 - 2011

	2008	2009	2010	2011
Real Gross Domestic Product (% Change)	1.4%	0.4%	2.8%	3.1%
Consumer Price Index (% Change)	3.9%	0.1%	2.9%	2.6%
Housing Starts (% Change)	-30.6%	-7.3%	53.6%	22.9%
Personal Income (% Change)	4.2%	3.5%	4.4%	5.0%
Employment (% Change)	-0.1%	-0.2%	1.4%	1.4%
Unemployment Rate	5.7%	7.1%	6.9%	6.5%
3-month Treasury Bill Rate	1.5%	1.2%	2.1%	3.7%
10-year Treasury Note Yield	3.8%	4.0%	4.1%	4.8%

The economic outlook for Nevada will be affected by the state of the national economy and global economic conditions. In general, Nevada has weathered past negative economic events better than the national average. However, Nevada is at the forefront



of the current economic downturn due to both internal and external impacts on the Nevada economy from the state's own housing and financial problems and the national economic and financial crisis. Unfortunately, Nevada is expected to remain at the forefront of the economic downturn from anticipated negative impacts to the state's residents through a weak employment outlook. Secondly, the state's major economic sector (gaming) and its associated business sectors will continue to be negatively impacted over the forecast horizon due to the prolonged effects of the financial crisis on the state and national economy. Table 6 shows some highlights from Global Insight's November 2008 Nevada Forecast.

TABLE 6. GLOBAL INSIGHT NEVADA FORECASTS  
CALENDAR YEARS 2008 - 2011

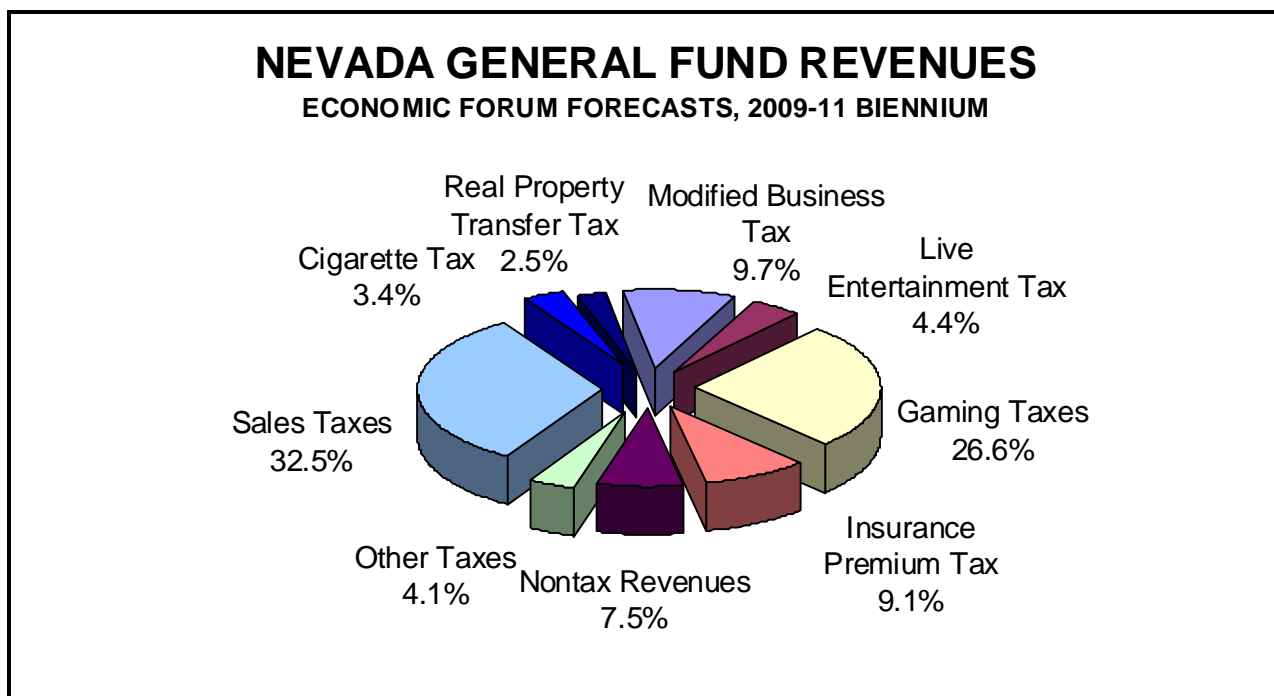
	2008	2009	2010	2011
Housing Starts (% Change)	-29.5%	-33.6%	26.3%	33.7%
Personal Income (% Change)	3.9%	1.0%	1.4%	4.0%
Employment (% Change)	-0.5%	-2.2%	-0.5%	1.1%
Construction (% Change)	-9.0%	-12.6%	-9.1%	-0.9%
Retail (% Change)	1.7%	-2.4%	2.5%	-1.0%
Accommodation & Food Service (% Change)	-0.1%	-0.7%	-0.7%	0.0%
Unemployment Rate	6.5%	7.4%	7.1%	6.7%

Although Nevada's economy stands to benefit from the major construction projects currently in progress, the potential net direct and indirect impacts may be less than previous construction expansions and new casino openings in terms of employment and visitor growth. The MGM Mirage's Project City Center, Fontainebleau Resort, and the Cosmopolitan Resort, all currently under construction, are scheduled to open in late 2009. Due to current financial conditions, other projects under construction have been halted and others have been delayed or scaled back. Although these construction projects provide important construction jobs, the current situation in the residential and commercial construction market provides for a much weaker construction employment situation than historically recorded during previous casino construction cycles. In fact, construction employment is projected to continue to decline over the next three years, based on Global Insight's November 2008 forecast for Nevada.

Given the outlook for the state and national economy over the forecast horizon, there is significant uncertainty regarding the ability to attract adequate levels of visitors to support the additional rooms and gaming capacity that will be added to the market in late 2009 and early 2010. It is anticipated that the net expansion in jobs in the retail, accommodation and food service, and related employment sectors will be much less than historically observed. Based on the Global Insight's November 2008 outlook for Nevada, employment related to the accommodation and food service sector (which includes casino hotels) is projected to decline slightly or remain flat over the next three years. Although projected to increase by 2.5 percent in 2010, employment in retail trade is forecast to decline in both 2009 and 2011.

### **Total General Fund Revenues**

Total Nevada General Fund revenues are forecast at \$2.8 billion for FY 2009-10 and \$2.9 billion for FY 2010-11. The 2009-2011 biennial total of \$5.7 billion is 3.0 percent lower than the revised revenue estimate of \$5.8 billion for the 2007-2009 biennium.



As you will note in the above chart, gaming taxes are forecast to provide 26.6 percent of all General Fund revenues during the 2009-2011 biennium, an increase from the 26.1 percent now estimated for the current biennium. Sales tax collections are forecast

to provide 32.5 percent of all General Fund revenues during the 2009-2011 biennium, an increase from the 32.4 percent now estimated for the current biennium. More detailed information on specific revenues in addition to gaming and sales taxes is available in the accompanying table.

### Sales Taxes

Sales taxes have been forecast consistent with decreased consumption due to decreased employment and slowing tourism activity. Sales tax collections are forecast to reach \$883.1 million in FY 2008-09, an 8.6 percent decrease from FY 2007-08 levels. Sales taxes are expected to increase by 0.5 percent in FY 2009-10 and increase by 3.0 percent in FY 2010-11. These forecasts result in projected total sales tax receipts of \$1.8 billion during the 2009-2011 biennium.

### Gaming Percentage Fee Taxes

Total gaming percentage fee tax revenues are forecast to reach \$677.4 million in FY 2008-09, a decrease of 12.1 percent from actual FY 2007-08 collections. From this base, gaming taxes are estimated to increase by 3.2 percent in FY 2009-10 and increase by 5.0 percent in FY 2010-11 to yield revenues of \$1.4 billion for the General Fund during the 2009-2011 biennium.

**GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST**  
**ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011**  
**ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING**

December 1, 2008 - 4:00 PM

DESCRIPTION	FY 2005			FY 2006			FY 2007			FY 2008			FY 2009			FY 2010			FY 2011		
	ACTUAL	%	Change	ACTUAL	%	Change	ACTUAL	%	Change	ACTUAL [a]	%	Change	ACTUAL	%	Change	ACTUAL	%	Change	ACTUAL	%	Change
<b>DECEMBER 1, 2008 ECONOMIC FORUM FORECAST</b>																					
<b>TAXES</b>																					
TOTAL MINING TAXES	\$16,449,304	-2.2%		\$16,661,886	19.5%		\$27,698,719	40.9%		\$35,131,075	26.8%		\$33,600,000	-4.4%		\$28,100,000	-16.4%		\$26,600,000	-5.3%	
TOTAL SALES AND USE TAX [1-FY04]	\$913,895,384	15.6%		\$1,005,054,248	10.0%		\$1,020,762,102	1.6%		\$985,739,728	-3.4%		\$900,951,000	-8.6%		\$905,548,000	0.5%		\$932,735,000	3.0%	
TOTAL GAMING TAXES [2-FY04][3-FY04][1-FY06]	\$749,655,622	4.9%		\$838,094,296	11.8%		\$858,640,751	2.5%		\$803,946,125	-6.4%		\$715,272,700	-11.0%		\$738,886,700	3.3%		\$767,472,900	3.9%	
CASINO/LIVE ENTERTAINMENT TAX [4a-FY04][4b-FY04][2-FY06]	\$107,884,337	20.9%		\$117,109,288	8.6%		\$132,493,622	13.1%		\$131,820,221	-0.5%		\$125,927,000	-4.5%		\$129,879,000	3.1%		\$137,256,000	5.9%	
INSURANCE PREMIUM TAX	\$215,948,970	11.1%		\$238,627,989	10.5%		\$260,000,139	9.0%		\$257,367,094	-1.0%		\$252,822,400	-1.8%		\$254,083,400	0.5%		\$261,438,900	2.7%	
LIQUOR TAX [5-FY04]	\$37,347,240	7.5%		\$39,434,816	5.2%		\$38,911,094	4.2%		\$39,434,816	1.3%		\$39,279,000	-0.4%		\$39,940,000	1.7%		\$40,918,000	2.4%	
CIGARETTE TAX [6-FY04]	\$113,282,664	6.1%		\$114,693,245	1.2%		\$113,071,937	-1.4%		\$110,418,288	-2.3%		\$100,837,000	-8.7%		\$102,329,000	1.5%		\$102,329,000	0.0%	
OTHER TOBACCO TAX [7-FY04]	\$7,557,607	9.1%		\$8,178,593	8.2%		\$8,841,781	8.1%		\$8,840,580	0.0%		\$8,929,000	1.0%		\$9,057,000	1.4%		\$9,212,000	1.7%	
LAETRILE & GEROVITAL MFG.																					
HECC TRANSFER	\$5,000,000			\$5,000,000			\$5,000,000			\$5,000,000			\$5,000,000			\$5,000,000			\$5,000,000		
BUSINESS LICENSE FEE [8-FY04][3-FY06][4-FY06]	\$14,486,315	22.2%		\$21,897,095	51.2%		\$19,997,653	-8.7%		\$19,566,390	-2.2%		\$19,883,000	1.6%		\$19,617,000	-1.3%		\$19,814,000	1.0%	
BUSINESS LICENSE TAX [9-FY04]	\$1,297,383	-94.2%		\$431,986	-66.7%		\$239,466	-44.6%		\$13,983	-94.2%		\$10,000			\$7,500			\$5,000		
MODIFIED BUSINESS TAX																					
MBT-NONFINANCIAL [10-FY04][5-FY06][6-FY06]	\$205,348,170	40.5%		\$232,760,812	13.3%		\$257,432,283	10.6%		\$263,902,120	2.5%		\$264,203,000	0.1%		\$252,159,000	-4.6%		\$260,733,000	3.4%	
MBT-FINANCIAL [11-FY04][5-FY06]	\$21,575,335	39.3%		\$22,491,110	4.2%		\$21,520,319	-4.3%		\$20,698,297	-3.8%		\$18,696,000	-9.7%		\$17,374,000	-7.1%		\$18,696,000	7.6%	
BRANCH BANK EXCISE TAX [12-FY04][7-FY06]	\$3,084,456	104.5%		\$2,819,210	-8.6%		\$3,029,997	7.5%		\$3,142,650	2.4%		\$3,219,000	2.4%		\$3,178,000	-1.3%		\$3,213,000	1.1%	
REAL PROPERTY TRANSFER TAX [13-FY04][8-FY06]	\$148,730,974	59.0%		\$164,841,506	10.8%		\$120,374,961	-27.0%		\$95,862,793	-28.7%		\$66,640,000	-22.4%		\$70,000,000	5.0%		\$72,100,000	3.0%	
TOTAL TAXES	\$2,559,687,394	14.1%		\$2,829,008,504	10.5%		\$2,888,014,822	2.1%		\$2,770,904,166	-4.1%		\$2,555,269,100	-7.8%		\$2,575,158,600	0.8%		\$2,657,522,900	3.2%	
<b>LICENSES</b>																					
INSURANCE LICENSES	\$11,358,651	7.4%		\$12,536,529	10.4%		\$13,706,513	9.3%		\$14,500,714	5.8%		\$15,226,000	5.0%		\$15,987,000	5.0%		\$16,786,000	5.0%	
BANKING LICENSES [16-FY04]																					
MARRIAGE LICENSES	\$599,890	0.9%		\$559,974	-6.7%		\$512,218	-8.5%		\$490,094	-4.3%		\$468,200	-4.5%		\$441,900	-5.6%		\$412,700	-6.6%	
TOTAL SECRETARY OF STATE [14-FY04]	\$94,122,084	11.7%		\$101,139,626	20.2%		\$99,238,461	-1.9%		\$100,565,232	1.3%		\$96,580,000	-4.0%		\$97,075,000	0.5%		\$97,721,000	0.7%	
PRIVATE SCHOOL LICENSES	\$274,132	8.9%		\$246,102	-10.2%		\$249,129	1.2%		\$217,403	-12.7%		\$200,500	-7.8%		\$212,000	5.7%		\$225,000	6.1%	
PRIVATE EMPLOYMENT AGENCY	\$18,700	-28.1%		\$18,000	-3.7%		\$18,300	1.7%		\$17,700	-2.2%		\$16,000	-14.4%		\$16,000			\$16,000		
TOTAL REAL ESTATE [15-FY04][16-FY04]	\$2,628,035	-1.0%		\$3,167,643	20.5%		\$3,160,580	-0.2%		\$2,884,718	-8.7%		\$2,795,500	-3.1%		\$2,791,500	-0.1%		\$2,875,530	3.0%	
TOTAL FINANCIAL INSTITUTIONS [16-FY04]																					
ATHLETIC COMMISSION FEES	\$2,462,447	9.0%		\$3,042,779	23.6%		\$4,243,723	39.5%		\$3,200,947	-24.6%		\$3,100,000	-3.2%		\$3,200,000	3.2%		\$3,300,000	3.1%	
TOTAL LICENSES	\$101,463,939	10.7%		\$120,710,653	19.0%		\$121,128,924	0.3%		\$121,877,809	0.6%		\$118,386,200	-2.9%		\$119,723,400	1.1%		\$121,336,230	1.3%	
<b>FEES AND FINES</b>																					
VITAL STATISTICS FEES [17-FY04]																					
DIVORCE FEES	\$845,362	11.3%		\$901,094	6.6%		\$990,077	9.9%		\$979,552	-1.1%		\$1,008,900	3.0%		\$1,039,200	3.0%		\$1,070,400	3.0%	
CIVIL ACTION FEES	\$208,010	1.2%		\$211,146	1.5%		\$201,846	-4.4%		\$201,111	-0.4%		\$201,200	0.0%		\$200,800	-0.2%		\$200,500	-0.1%	
INSURANCE FEES	\$1,412,898	2.6%		\$1,396,729	-1.1%		\$1,445,950	3.5%		\$1,530,101	5.8%		\$1,572,400	2.8%		\$1,635,700	4.0%		\$1,698,900	3.9%	
MEDICAL PLAN DISCOUNT REGISTRATION FEES	\$576,035	-7.7%		\$1,370,097	137.8%		\$882,643	-35.6%		\$2,143,195	142.8%		\$1,300,000	-39.3%		\$688,000	-47.1%		\$688,000		
TOTAL REAL ESTATE FEES	\$1,243,176	13.2%		\$1,452,974	16.9%		\$1,268,567	-12.7%		\$1,200,000	-33.3%		\$1,600,000	33.3%		\$17,500	9.4%		\$19,000	8.6%	
SHORT-TERM CAR LEASE	\$26,793,014	4.5%		\$26,659,712	-0.5%		\$29,806,850	11.8%		\$957,184	-24.5%		\$772,600	-19.3%		\$766,450	-0.8%		\$780,550	1.8%	
ATHLETIC COMMISSION LICENSES/FINES	\$122,515	11.6%		\$690,076	463.3%		\$585,662	-15.1%		\$482,325	-17.6%		\$450,000	-6.7%		\$475,000	5.6%		\$30,135,000	5.0%	
WATER PLANNING FEES																			\$475,000		
STATE ENGINEER SALES	\$2,077,432	22.3%		\$2,249,185	8.3%		\$2,165,724	-3.7%		\$2,272,980	5.0%		\$1,700,000	-25.2%		\$1,700,000			\$1,700,000		
SUPREME COURT FEES	\$208,203	-4.9%		\$195,680	-6.0%		\$218,285	11.6%		\$220,335	0.9%		\$225,200	2.2%		\$230,900	2.5%		\$238,300	3.2%	
MISC. FINES/FORECLOSURES	\$484,199	95.2%		\$1,269,520	162.2%		\$2,631,519	107.3%		\$2,400,455	-8.8%		\$3,052,700	27.2%		\$2,127,100	-30.3%		\$2,375,200	11.7%	
TOTAL FEES AND FINES	\$33,970,845	6.2%		\$36,396,214	7.1%		\$40,206,123	10.5%		\$40,991,433	2.0%		\$38,299,000	-6.6%		\$37,580,650	-1.9%		\$39,380,850	4.8%	
<b>USE OF MONEY AND PROPERTY</b>																					
LYON COUNTY REPAYMENTS																					
OTHER REPAYMENTS [18-FY04]	\$2,100,078	4.5%		\$2,200,892	4.8%		\$2,905,765	32.0%		\$5,145,859	77.1%		\$4,016,543	-21.9%		\$1,639,465	-59.2%		\$1,145,006	-30.2%	
MARLETTE REPAYMENT	\$10,512			\$10,664	1.4%		\$10,512	-1.4%		\$10,512			\$10,512			\$10,512			\$9,185	-12.6%	
INTEREST INCOME	\$13,685,869	202.2%		\$32,933,368	140.6%		\$52,815,782	60.7%		\$56,336,346	6.5%		\$16,913,800	-70.0%		\$5,534,100	-67.3%		\$12,060,200	117.9%	
TOTAL USE OF MONEY AND PROPERTY	\$15,796,458	141.2%		\$35,144,924	122.5%		\$55,832,059	58.9%		\$61,492,717	10.1%		\$20,940,855	-65.9%		\$7,184,077	-65.7%		\$13,214,391	83.9%	
<b>OTHER REVENUE</b>																					
HOOVER DAM REVENUE	\$300,000			\$300,000			\$300,000			\$300,000			\$300,000			\$300,000			\$300,000		
MISC. SALES AND REFUNDS	\$1,428,335	58.9%		\$3,934,335	175.4%		\$5,031,331	27.9%		\$2,383,105	-52.6%		\$938,800	-60.6%		\$956,300	1.9%		\$953,500	-0.3%	
COST RECOVERY PLAN	\$9,624,189	-0.9%		\$10,458,762	8.7%		\$10,455,487	0.0%		\$7,139,068	-31.7%		\$7,144,500	0.1%		\$7,144,500			\$7,144,500		
PETROLEUM INSPECTION FEES	\$582,201	4.3%		\$580,469	-0.3%		\$609,362	5.0%			-100.0%										
UNCLAIMED PROPERTY [9-FY06]	\$19,811,660	1.0%		\$22,269,598	12.4%		\$23,464,527	5.4%		\$49,179,534	109.6%		\$36,000,000	-26.8%		\$34,357,000	-4.6%		\$34,305,000	-0.2%	
TOTAL OTHER REVENUE	\$31,746,384	2.1%		\$37,543,164	18.3%		\$39,860,707	6.2%		\$59,001,707	48.8%		\$44,383,300	-24.8%		\$42,757,800	-3.7%		\$42,703,000	-0.1%	
<b>TOTAL GENERAL FUND REVENUE</b>	<u>\$2,742,665,021</u>	<u>14.1%</u>		<u>\$3,058,803,459</u>	<u>11.5%</u>		<u>\$3,145,042,636</u>	<u>2.8%</u>		<u>\$3,054,267,831</u>	<u>-2.9%</u>		<u>\$2,777,278,455</u>	<u>-9.1%</u>		<u>\$2,782,404,527</u>	<u>0.2%</u>		<u>\$2,874,157,271</u>	<u>3.3%</u>	

**GENERAL FUND REVENUES - ECONOMIC FORUM DECEMBER 1, 2008 FORECAST**  
**ACTUAL: FY 2005 THROUGH FY 2008 AND FORECAST: FY 2009 THROUGH FY 2011**  
**ECONOMIC FORUM'S FORECAST FOR FY 2009, FY 2010, AND FY 2011 APPROVED AT THE DECEMBER 1, 2008 MEETING**

December 1, 2008 - 4:00 PM

DESCRIPTION	DECEMBER 1, 2008 ECONOMIC FORUM FORECAST			
	FY 2005 ACTUAL	% Change	FY 2006 ACTUAL	% Change
	FY 2007 ACTUAL	% Change	FY 2008 ACTUAL [a.]	% Change
	FY 2009	% Change	FY 2010	% Change
	FY 2011	% Change		

**NOTES:**

[a.] Subject to adjustment based on reconciliation with the Controller's Office and Budget Division

**FY 2003-04 [Actual collections are not displayed in the table for FY 2004, but notes were retained as they reflect the tax changes approved by the Legislature during the 2003 Regular and Special Sessions.]**

- [1-FY04] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the sales tax to the state from 1.25% to 0.5%, effective July 1, 2003.
- [2-FY04] S.B. 8 (20th S.S.) increased gross gaming tax rates by 0.5%, 3.0% to 3.5% on monthly revenue up to \$50,000; 4.0% to 4.5% on revenue over \$50,000 and up to \$134,000; 6.25% to 6.75% on revenue exceeding \$134,000, effective August 1, 2003.
- [3-FY04] S.B. 8 (20th S.S.) increased quarterly restricted slot fees by 33%, from \$61 to \$81 per machine, up to 5 machines; from \$106 to \$141 for each machine over 5, up to 15 machines, effective July 22, 2003.
- [4a-FY04] S.B. 8 (20th S.S.) modified types of establishments and entertainment subject to the current 10% Casino Entertainment Tax (CET), effective September 1 to December 31, 2003 [Estimated to generate \$4,982,000 additional collections during 4-month period].
- [4b-FY04] S.B. 8 (20th S.S.) repealed CET and replaced by Live Entertainment Tax (LET); 5% of admissions price, if entertainment is in facility with 7,500 or more seats; 10% of admissions price & food, beverage, and merchandise purchased, if facility has more than 300 and up to 7,500 seats; exempt from the tax if facility is a non-gaming establishment with less than 300 seats or is gaming establishment with less than 300 seats and less than 51 slot machines, 6 games, or any combination thereof, effective January 1, 2004.
- [5-FY04] S.B. 8 (20th S.S.) increased liquor taxes by 75%; beer from 9 cents to 16 cents per gallon; liquor up to 14% alcohol from 40 cents to 70 cents per gallon; liquor over 14% and up to 22% alcohol from 75 cents to \$1.30 per gallon; liquor over 22% alcohol from \$2.05 (15 cents for alcohol abuse program, 50 cents to local government, and \$1.40 to state general fund) to \$3.60 per gallon (15 cents for alcohol abuse program, 50 cents to local government, and \$2.95 to state general fund), effective August 1, 2003. [Estimated to generate \$13,873,000 in FY 2004 and \$15,536,000 in FY 2005]. A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the liquor tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$734,000 in FY 2004 and \$822,000 in FY 2005]
- [6-FY04] S.B. 8 (20th S.S.) increased cigarette tax per pack of 20 by 45 cents: from 36 cents per pack (10 cents to Local Government Distribution Fund, 25 cents to state general fund) to 80 cents per pack (10 cents to Local Government Distribution Fund, 70 cents to state general fund), effective July 22, 2003. [Estimated to generate \$63,268,000 in FY 2004 and \$70,047,000 in FY 2005] A.B. 4 (20th S.S.) reduced the collection allowance provided to the taxpayer for collecting and remitting the cigarette tax to the state from 3% to 0.5%, effective August 1, 2003. [Estimated to generate \$2,538,000 in FY 2004 and \$2,884,000 in FY 2005]
- [7-FY04] A.B. 4 (20th S.S.) reduced collection allowance provided to taxpayer for collecting and remitting tax on other tobacco items from 2.0% to 0.5%, effective August 1, 2003.
- [8-FY04] S.B. 8 (20th S.S.) changed the \$25 one-time annual business license fee to an annual fee of \$100, effective July 22, 2003.
- [9-FY04] S.B. 8 (20th S.S.) repealed the current quarterly \$25 per employee tax when the Modified Business Tax comes online, effective October 1, 2003. [See Notes 10 and 11]
- [10-FY04] S.B. 8 (20th S.S.) imposes tax on gross payroll of a business less a deduction for health care provided to employees, effective October 1, 2003. Tax rate is 0.70% in FY 2004 and 0.65% in FY 2005.
- [11-FY04] S.B. 8 (20th S.S.) imposes tax of 2.0% on gross payroll of a financial institution less a deduction for health care provided to employees, effective October 1, 2003.
- [12-FY04] S.B. 8 (20th S.S.) imposes excise tax on each bank of \$7,000 per year (\$1,750 per quarter) on each branch office, effective January 1, 2004.
- [13-FY04] S.B. 8 (20th S.S.) imposes tax of \$1.30 per \$500 of value on the transfers of real property, effective October 1, 2003.
- [14-FY04] S.B.2 and A.B. 4 (20th S.S.) makes changes to the rates and structure of the fees collected from entities filing with the Secretary of State's office, effective September 1, 2003 for Securities and UCC fee increases and November 1, 2003 for changes to commercial recording fees.
- [15-FY04] S.B. 428 (2003 Session) increases real estate salesman, broker-salesman, and brokers licensing fees by \$20 for an original license and \$10 for renewal of license (original and renewal license fee varies depending on type of license), effective July 1, 2003.
- [16-FY04] A.B. 493 (2003 Session) established that revenues from fees collected by the Division of Financial Institutions of the Department of Business & Industry will be deposited in a separate fund to pay the expenses related to the operations of the Commissioner of Financial Institutions and the Division of Financial Institutions, effective January 1, 2004. Previously, the revenues from the fees were deposited in the state general fund.
- [17-FY04] A.B. 550 (2003 Session) increased state's portion of the fee for issuing copy of a birth certificate by \$2 and fee for issuing copy of death certificate by \$1, effective October 1, 2003
- [18-FY04] S.B. 504 (2003 Session) transferred the State Printing Division of the Department of Administration to the Legislative Counsel Bureau and all debt to the state general fund was forgiven, effective July 1, 2003.
- [19-FY04] Beginning in FY 2004, the portion of the fees collected by the Real Estate Division for Real Estate Testing Fees that belong to the general fund are transferred from Category 28 in BA 3823 to GL 4741 in the General Fund. Previously, the revenue from these fees were
- FY 2006**
- [1-FY06] S.B. 357 (2005 Session) allocates \$1 per slot machine per quarter in FY 2006 and \$2 per slot machine per quarter in FY 2007 from the quarterly license fee imposed on restricted and nonrestricted slot machines and sunsets effective June 30, 2007. A total of \$822,000 in FY 2006 and \$1,678,000 is projected to be deposited in the Account to Support Programs for the Prevention and Treatment of Problem Gambling. (FY 2006: \$84,666 - restricted; \$737,334 - Nonrestricted and FY 2007: \$172,834 - Nonrestricted and \$1,505,166 -
- [2-FY06] A.B. 554 (2005 Session) lowers the occupancy threshold from 300 to 200, effective July 1, 2005. Estimated to generate \$3,600,000 in FY 2006 and FY 2007.
- [3-FY06] S.B. 3 (22nd S.S.) provides an exemption for entities that have four or fewer rental dwelling units. Estimated to reduce collections by \$2,975,000 in FY 2006 and \$3,060,000 in FY 2007.
- [4-FY06] S.B. 3 (22nd S.S.) allows an entity operating a facility where craft shows, exhibitions, trade shows, conventions, or sporting events to pay the BLF for entities not having a business license as an annual flat fee of \$5,000 or on a \$1.25 times the number entities without a business license times the number days of the show basis. Estimated to generate \$134,420 in FY 2006 and \$158,884 in FY 2007.
- [5-FY06] S.B. 391 (2005 Session) replaces the NAICS-based approach for defining a financial institution with a structure based on a state or federal licensing or regulatory requirement for conducting financial activities. Collection agencies and pawn shops are not included as financial institutions, but as nonfinancial businesses. The changes are estimated to reduce MBT-Financial collections by \$1,801,800 in FY 2006 and \$2,047,500 in FY 2007 and increase MBT-Nonfinancial collections by \$584,168 in FY 2006 and \$621,237 in FY 2007. Net effect is a reduction in total MBT collections of \$1,217,632 in FY 2006 and \$1,426,263 in FY 2007.
- [6-FY06] S.B. 523 (2005 Session) reduces the MBT-nonfinancial institutions tax rate from 0.65% to 0.63% from July 1, 2005 to June 30, 2007. Estimated to reduce collections by \$6,978,000 in FY 2006 and \$7,450,000 in FY 2007.
- [7-FY06] S.B. 3 (22nd S.S.) provides an exemption for the first branch bank operated by a bank in each county, replacing the previous exemption for one branch bank only. Estimated to reduce collections by \$441,000 in FY 2006 and FY 2007.
- [8-FY06] S.B. 390 (2005 Session) increases the collection allowance provided to Clark County and Washoe County from 0.2% to 1.0%, effective July 1, 2005, which makes the collection allowance 1.0% in all 17 counties. Estimated to reduce collections by \$1,056,292 in FY 2006 and \$1,022,504 in FY 2007.
- [9-FY06] S.B. 4 (22nd S.S.) allocates \$7,600,000 of the Unclaimed Property revenues collected by the State Treasurer to the Millennium Scholarship Trust Fund in FY 2006 and FY 2007.
- FY 2008**
- [1-FY08] Per the June 30, 2007, sunset provision of S.B. 357 (2005 Session), the \$2 per slot machine per quarter allocated from the quarterly license fee imposed on restricted and nonrestricted slot machines to the Account to Support Programs for the Prevention and Treatment of Problem Gambling ceases and the full amount collected from the quarterly slot fees remains in the General Fund.
- [2-FY08] Per the A.B. 554 (2005 Session), race events that are part of the National Association of Stock Car Auto Racing (NASCAR) Nextel Cup series and all races associated with such an event are exempt from the LET, effective July 1, 2007.
- [3-FY08] Per the sunset provision of S.B. 523 (2005 Session), the MBT-nonfinancial institutions tax rate increases to 0.65% from 0.63%, effective July 1, 2007.
- [4-FY08] S.B. 165 (2005 Session) requires the state General Fund portion of the petroleum inspection fees imposed pursuant to NRS 590.120 to be deposited into a separate account for use by the Department of Agriculture, effective July 1, 2007.